LETTERS TO JUDD

An American Workingman

By UPTON SINCLAIR

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THIS book is written and published as an act of love for America. It is made out of faith in our country, and in you.

Our fathers bequeathed to us a great democracy and a great ideal. We must preserve them.

This book will not be reviewed in the great press, nor promoted by the powers that be. If it is read, it will be because the plain people do their part in passing it about from hand to hand.

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Several times in our history this miracle has happened, the people have been reached by a message: Tom Paine's **"The Crisis,"** Helper's **"Impending Crisis,"** Henry George's **"Progress and Poverty,"** Bellamy's **"Looking Backward."** There has been no need greater than the present.

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Read, and do your part.

LETTERS TO JUDD

BY

UPTON SINCLAIR

INTRODUCTION

Judd is an old carpenter who has done odd jobs on our place for the past ten years. Just how old he is I don't know, but he's pretty old; his hands are gnarled and calloused and his finger nails chewed up and broken by hammer blows; there are knotted veins in his forehead and his hair is grey and thin. But he works like a beaver, and don't you ever hint that he should slow up—he will hoot at you, and say that he can lick any young feller with one hand. He will hitch his harness into place—he has a rupture, and wears some kind of truss—and will slide under the house to connect up a gas pipe, and come crawling out with his hair and eyes full of cobwebs, and my wife will say, "Come out of there, you old gopher." He adores her when she talks to him like that, he would lift the side of the house to please her. The two of them engage in violent arguments as to how a door ought to be hung or a tree pruned. "Nobody ever did it like that," Judd declares—and considers that sufficient reason. He does it her way, so long as she stands over him; but if she leaves, he is apt to finish it his way—for, after all, it is manifest that a man knows better than a woman.

Ten years ago our home was a row of vacant lots on a hillside, covered with weeds and rusty cans. Now it is an old-fashioned Southern house with a long veranda and a row of white columns, surrounded by rose gardens and grape arbors and fig trees and oranges. The house was made out of five old houses, bought for a little more than nothing, and moved onto the place and joined together; the gardens were made by my wife sticking baby plants into the ground, and holding a hose over them all day and part of the night. I helped a little; and two school boys helped after hours; but Judd was the Hercules who did most of this mighty labor. He would rout us out of bed in the morning, and many a time we have worked after dark, to get a roof over something before it rained, or finish a concrete job before it set. What is there we haven't done together?—digging ditches and setting fence-posts, hoeing weeds and pruning trees, laying shingles and tacking down tarpaper, cleaning old furniture and painting an automobile, moving a garage and installing a sprinkler system. And always with a presiding female genius hovering over us, exhorting and appraising, mostly on the debit side! Never was there such a woman for saving, and for devising, and for utilizing. Once Judd in his digging came upon a rusty iron

spike, and showed it secretly to me. "Better throw it over the hill quick," he said. "If the missus sees that, she'll start a railroad!"

When the house was done, there was a party. The living-room is extra fancy, with high, peaked ceiling, and lights way up, dim and mysterious; in a million years you'd never guess that it was once an old tailor shop, bought for a hundred dollars, and moved over here, and the upper floor taken out! Well, our friends came, some of them rich people in limousines, creating a sensation in our neighborhood. The neighbors were invited—it is a working-class part of town, and a few people came, shy and a little distrustful, and picked out seats with backs to the wall, and sat stiff and silent, while George Sterling, great poet and genial soul, told us intimate recollections of Joachim Miller and Ambrose Bierce and Jack London, and other old-time California writers.

Judd wore his best clothes, and a stiff collar, and brought a lady friend in black satin. We were surprised by this, for we knew that Judd was a widower of many years' standing; we teased him afterwards about this lady, and he blushed, but insisted there was "nothing to it"—and apparently there wasn't, for he still lives alone in the house he has built, with a fire-place made of every kind of shiny colored stone you can find on the beaches of California. There is a porch to this house and a lot of fancy concrete work, that will last Judd's life-time and longer. You must understand, this is no "hard-luck story," quite the contrary; Judd has got to be a rich man in the course of ten years, with war-time wages of a dollar an hour. He put his savings into two lots, and his spare time into building three houses on them, and now he has two of them rented, and he goes trout-fishing every spring, and deer-hunting in the fall, and he took a trip to Texas just to have the fun of spending some of his money, instead of leaving it all to his nephews. When he comes now to do odd jobs for us, it is by way of a favor; and he says, "Well, you got a new book now?" Of course I always have, and he demands a copy, and insists it must be cloth, and autographed; and then we have our regular argument as to whether he shall pay for it, and we compromise on the basis of his paying the wholesale price. He tells me what he thinks about my writings, and just what is wrong with my ideas.

Judd, you understand, is not the least bit of a "radical." "I got no use for these 'reds,'" he says, being a simon pure, hundred per cent American; there are too many foreigners in the country, and if they don't like it, let them get out. But at the same time Judd is nobody's fool. For one thing, he is "onto" the politicians; they are a bunch of crooks, and he proves it, telling me things that are going on right in Pasadena—he knows from this friend or that who works for the city. Also, Judd is "onto" the politicians at Washington; of course you can't get the facts, because the newspapers won't print them, but look at this

oil business, and look at the fellows that got a billion dollars from the government, pretending to make airplanes for the war, and they never got a single fighting-plane to France. Judd supported the war, and bought liberty bonds with his savings; but he says that if the truth was known, we could have kept out of that war, if it hadn't been for the munition-makers, and the bankers and their loans to England and France.

So you see, we have plenty to talk about while nailing down shingles and screwing up water-pipe! Once, not so long ago, Judd said to me, "By golly, I never thought of that!" I answered, "You'd be surprised to know how many things you never thought of." Said he: "Why don't you write a book for fellows like me? A workingman is tired when he gets home, and don't have time for big books, and he don't know the long words. But you write something short and easy, and show us little fellows just how we get it in the neck."

Well, there are lots of things one would like to write, and one doesn't get around to them all. But every now and then I think about Judd, and the millions of other Judds there are, scattered over this great land. I think of things I'd like to say to them, if only I could get to them. Here it is, Thanksgiving morning of the year 1925; and just why this morning should have chosen itself, I can't imagine, but I am sitting at my typewriter, on the very porch that Judd helped to build, and came crawling out from under with his hair and eyes full of cobwebs—the old gopher! I am beginning the book he asked me to write, for him and the other American workingmen.

LETTER I

MY DEAR JUDD:

There are some things which you and I and all Americans take for granted, and don't have to argue about. For example, every man has a right to get to heaven in his own way, if he can; we are not going to meddle with any one's religion. Also, we believe that all men should be equal before the law. We don't mean they all have equal abilities—for that would be a foolish thing to say; but they all have equal rights "to life, liberty and the pursuit of happiness." Also, every man has a right to what he has produced by his own labor; and it is the business of government to protect him in this right.

Speaking generally, we think that men live better if they are let alone, to work out their own destinies. We don't want any more government than there has to be; if the government will see that the other fellow keeps his hands out of our pockets, we'll manage to build our own house, and live in it our own way. That is called individualism, and you are keen for it, Judd, and I am no less keen. The only time the government has been on our place in the past ten years has been when it came to inspect

the foundations, the plumbing, and the fire-stops in the walls of the house; all of which concern the common welfare.

If a fellow won't work, he has no right to anything—we agree to that, and we will shed no tears over shirkers and loafers. We are defending the real workers, and we say that such are entitled to the fruits of their own labor. Let us set that down for the corner-stone of our thinking; let us make it our test of a sensible and decent world. I ask you: Are the workers getting what they produce today? Or is some other fellow getting part of it? Put it the other way about, and ask: Are there any people in our country getting wealth without producing it, without doing any useful work? It is obvious that if any man gets a thing he hasn't produced, some other man must have produced that thing and not got it.

I choose a case which lies nearest to your own heart, Judd—those three houses that are the security for your old age! You paid your good money for materials, and you put them together with your own hands, and you say those houses belong to you. If a fellow came with skids and a truck and tried to cart one of them off, you would surely stop him. If a fellow moved into one of them, and refused to move out, you would surely put him out. The law would back you—and so you believe in the law! But suppose I were to tell you, Judd, there are ways by which some fellow might take your houses away from you, and the law would not move a finger to help you, but on the contrary, would come and turn you out for the other fellow's benefit?

Watch your step, now! Suppose that some man had the power to fix the prices of the things you have to buy day by day, your food and clothing and gasoline; and suppose he boosted the prices, so that you found yourself running short; then you'd have to put a mortgage on one of the houses; and when the mortgage fell due, if you were still short, your house would be sold by an auctioneer at a foreclosure sale, and the law would turn you out. Or let us suppose this man had the power to dilute the currency of the country, so that every dollar of yours became worth only half as much as it was before; don't you see that he might deprive you of your three houses, one after another? There are a dozen different ways in which the trick might be worked; and strange and startling as the idea may seem to you, I assure you that it has been done many times, and will be done many times more. The world you live in is full of devices by which your pockets are emptied, without your ever feeling the touch of the thief's fingers.

If a fellow comes along and tries to sell you a gold brick, you laugh at him; that's an old one, and you are "on." If he tries to sell you a gold mine in Kamchatka, or shares of stock in an oil well—come to think of it, Judd, I believe you told me you did take some shares in the Somebody-or-Other Oil Syndicate—twelve hundred dollars, you said it was! But you've learned your lesson now, and nobody can play you for a sucker again.

But, Judd, these things I am talking about here are not called swindling, they are entirely respectable things, with such beautiful names that you go to the polls and vote for them on election day, and for some of them you would give your life on the battlefield. For example, that thing called the "protective tariff"; such a lovely name, "protective," it makes you think of a mother watching over an infant in a cradle! The economists call this tariff a form of "indirect taxation"; and what do these words mean? Exactly that thing which I said a minute ago—a device for emptying your pockets without your feeling the touch of the thief's fingers!

Or take that thing called "inflation"; that is, the diluting of the currency, so that the money in your pocket is less money than it was before. The bankers all tell you that "inflation" is a most wicked thing, and you believe them, and are quite sure it couldn't happen; while the plain fact is, the bankers have been doing it to you right along! They have deprived your money of about forty per cent of its value in the last ten years—and you, my good old friend, thought it was fine, because the value of your lots went up, and of your houses, too. It never occurred to you that the price of everything you bought was going up also; and that the value of your money in the savings-bank was going *down;* and also the value of your liberty bonds!

Judd, you get up by an alarm clock at dawn every morning, and boil yourself some coffee, and gulp down a couple of slices of bread, and maybe a fried egg, and give your chickens and rabbits their water and feed, and then you hustle off to work. For forty years that has been your rule, six days out of seven; you worked like an old mule, eight or nine hours of it, and then come home and worked till dark on your own place. There are forty-two million Americans doing much the same thing, and the total of what they produce is a thumping pile of wealth. And who is to get it, Judd? How shall it be divided? In the great cities, in many-storied office buildings, sit white-handed gentlemen at flat-topped mahogany desks, and these gentlemen have no idea of ever crawling around in the muck, or sweating in the heat, or freezing their fingers in the cold, or soiling their white collars and breaking the crease in their trousers—no, Judd, they have not an idea of it!

While you are working, these gentlemen have nothing to do but think; and the subject of their thoughts is one thing and one alone, how can they get away from you the largest possible share of that wealth which you are producing by your labor. They call themselves "great executives," Judd; and what they execute is the American workingman. They have devised the most subtle and perfect machine of exploitation—that is, for getting you to produce wealth while they consume it—which has ever existed in the history of mankind. I am going to show that machine to you; I am going to take it apart, just as if it were an automobile, and let you see exactly how it is built. I will

show you the thing called "stock-watering," and how it takes away from you the greater part of your day-by-day earnings. I will show you the thing called "rigging the market," and how that conjures the coins out of your purse—and mind you, old friend, not when you go to gamble in Wall Street, for you have never done that; but when you go round the corner to the store and buy a loaf that is made of wheat, or a shirt that is made of cotton, or any other article that is produced by machinery and shipped on a railroad.

Above all I am going to show you that most fascinating piece of wizardry, our banking system. You were a rancher in your youth; and some of your relatives are farmers back East. Well, Judd, we have a thing called the Federal Reserve Bank, and three years ago that bank reached down into the pockets of the farmers of America, and took out—how much, do you think? Just about four billions of dollars! And gave it to whom, do you think? Why, to the big bankers of Wall Street, and the manufacturers and trust magnates with whom they work hand in glove. Soon after that I traveled through the Northwest, and in state after state I found whole counties in which every single farm had been sold for taxes. Do you think I am claiming too much, Judd, when I tell you that you really ought to understand how such things can happen?

LETTER II

MY DEAR JUDD:

The Bible tells us that "man does not live by bread alone." To hear some people talk, you would think the Bible said that "man does not live by bread." You and I know that he does; and if he is to be decent and civilized, he needs many other things, a home with several rooms in it, and clean clothing, and books, and recreation. There is nothing more destructive of health and happiness than extreme poverty; the inability to get for yourself and your loved ones the common necessities of life.

There are parts of the world where poverty is an infliction of nature; but that is surely not true of the United States in the year 1925. We have a country of nearly four million square miles, with greater variety and wealth of natural resources than any similar area in the world. We have almost everything needed by modern industry; the bulk of our imports are luxuries—coffee and bananas and music and French fashions. We have forty-two millions of workers, all carefully trained to their jobs, and we have the most highly organized industrial system. We produce 40 per cent of the world's iron and steel, 52 per cent of its coal, 60 per cent of its copper, 75 per cent of its corn, 85 per cent of its automobiles, and so on through a long list.

Twenty-seven years ago our government made a study of hand-power as compared with machine-power in some of the com-

mon industries; thus, making ten plows by hand took 1,180 hours, while making them by machinery took only 37½ hours; making one hundred pairs of cheap boots took by hand 1,436 hours, and by machinery only 154 hours. From these calculations it appeared that machinery had cut human labor, in some cases 80 per cent, in some cases as high as 95 per cent. That was in 1898; and since then, how much more has been done! We have the Ford factory, employing 165,000 men, and turning out 2,500,000 cars and trucks every year, one for twenty days' labor of a man! In Chicago are great ovens, worked automatically by electricity, which turn out 14,400 perfect loaves of bread every day. I have a friend who owns a book-making machine which turns out 64-page books at the rate of 5,000 every hour. One might fill pages with miracles of this sort. We are now harnessing the rivers and water-falls, and in Maine the tides of the ocean, and engineers estimate that machine-power provides us with the equivalent of three billion hard-working slaves. Mr. Roger W. Babson, who runs a big statistical bureau, presents figures of machine-production from which it appears that 13 important industries now average 88 times as much production as by hand-labor.

Obviously, then, everybody in the country ought to be 88 times as well off; poverty for the willing worker ought to be one-eighty-eighth of what it was in 1825. But what is the matter, Judd? For some reason there is just as much poverty as there ever was, and possibly more! In the old days nobody starved—that is, unless he was a loafer or a drunkard. Our ancestors were well fed, and managed to raise families of ten, and sometimes even twenty sturdy children. How many of the workers in our mills and mines can afford such a luxury today?

I have before me a photograph of our national capitol at Washington, with its high white marble dome; the picture is taken over the top of filthy slum tenements, falling into decay. And this is not a made-up picture, it is a photograph that you might take from many different spots in Washington. Or go to New York, the centre of our wealth and fashion; the school authorities there report that two-thirds of the children are physically defective, and one-fourth come to school suffering from hunger and malnutrition; two years ago the State Planning Commission reported two-thirds of a million people in the city "miserably housed."

In New England are thousands of mill-workers now on strike against reduction in their starvation wages; here you find the "she-towns"—all the men have gone away, and you can buy a woman for the price of a sandwich. In Pennsylvania a hundred thousand miners are on strike to preserve their wretched livings; they dwell in hovels, and can barely keep their families. In Georgia and the Carolinas you find the mills run on the labor of little children; and nearby are palatial estates of the rich, a happy condition described by a woman poet:

The golf-links lie so near the mill
That almost every day
The laboring children can look out
And see the men at play.

The defenders of our industrial system will admit these facts, if you pin them down, but they say that things are getting better all the time. A professor of Harvard University has just published a book, in which he tells how our glorious system is rapidly solving all problems; very certainly and very soon there will be no poor. Well, now, I am going to make a statement, Judd, and you paste it in your hat, and look at it every now and then while you are sawing timbers or mixing cement:

The condition of the mass of workers in the United States has been getting slowly but steadily worse for the past thirty-five years.

Let us see now. We want to determine what are called "real wages": that is to say, wages in relation to the cost of living. It is clear enough that if your wages rise from four dollars a day to eight, and at the same time the cost of living doubles, you are no richer than you were before. That is one way to fool the workingman; but we are not going to let ourselves be fooled!

The problem is not a simple one; you have to figure wage-rates in representative industries over a term of years; and then you have to figure the average cost of goods for the same period of time. It is easy to "load" your figures, by giving emphasis to those trades in which wages rose, or, on the other hand, by featuring those goods whose prices stayed low. For example, as I write, Secretary Hoover reports to the President, and the President gives out to the press, a set of figures showing how the American workers have made some gains in real wages during the last few years; and these glad tidings are featured upon the front page of all our great newspapers. And what is it? Simply a barefaced fraud! Mr. Hoover has figured wholesale prices! He knows that these prices have gone down, while retail prices have not gone down correspondingly; also, needless to say, he knows that American workingmen do not buy their food and clothing at wholesale!

Prof. Paul H. Douglas of the University of Chicago published in the Proceedings of the Academy of Political Science (Vol. XI, No. 2), a very elaborate study of real wages from 1890 to 1924. This is the best work I had seen, and the results may be summed up in one sentence: real wages in the United States from 1890 to 1924 suffered a *decrease* of five per cent. To phrase it another way: where a workingman could buy 20 pounds of necessaries in 1890, he could buy 19 pounds today.

These figures caused a sensation; for you can understand that there is nothing our masters try so hard to keep from their servants as this very fact. I used the figures throughout these letters; but just as I am through, and about to send the manuscript to the

printer, the professor writes me a letter, saying that he has revised the work, and he now shows a gain in real wages during the past four years. The reason for the change is, he has decided that the earlier figures were "unduly weighted with pork and beef, which rose much more rapidly than other commodities."

Here you see the very thing I explained. How much pork and beef shall be figured in the family budget of a workingman? Our fathers ate pork and beef, and grew to be full sized men; but of course there was no beef trust in those days. If, now, the cost of pork and beef rise too fast, the workingman can adjust himself to a coolie diet, those starchy foods which are cheap and relatively stable in price. But I, for my part, eat pork or beef once a day, and I claim the same right for you, Judd!

This much is certain: in many basic industries there has been a loss. The new figures which the professor sends me show losses for the clerical workers and the postal clerks; and the only large gainers are the teachers, who regard themselves as professional persons, not as workingmen. Surely those striking textile workers in Massachusetts have made no gains this year, nor the 158,000 striking miners! Ask the farmers of the Northwest about their case, and you will hear a loud shout of denial! Ex-governor Lowden of Illinois stated at a public banquet in New York that from 1920 to 1924 the American farmer's return on his invested capital was three-tenths of one per cent!

I know there is a great deal of apparent prosperity among our workers today. But that is due to a new factor—that the worker now spends his money for things that last, a home, and an auto, and clothing and radio sets, instead of spending it for beer and whiskey. That is a vast gain in civilization, but it is not the same thing as a gain in real wages, and don't let anybody fool you by this argument.

To get a clear view of the real truth, ask this question: has the capitalist suffered a loss of purchasing power during the past thirty-five years? Merely to suggest such a thing is to raise a laugh! There are some, like Henry Ford, who are a million times richer today than they were thirty-five years ago. It is probable that the Rockefellers are twenty times as rich as in 1890. The total wealth of our country increased from 65 billions in 1890 to 320 billions in 1922; and as the workers didn't get the difference, the rich must have. Here is what they admit having got, in their income tax statements, during four years 1921-1924. The number of fortunate ones who got more than $300,000 a year income increased from 246 to 773. The number of those with incomes between $100,000 and $300,000 increased from 2,106 to 4,921. The number with incomes between $25,000 and $100,000 increased from 37,663 to 62,158. Those are the real insiders—and remember, Judd, they didn't have to admit any "stock dividends," nor to pay anything on the billion or two they have invested in tax exempt securities.

There is a statement commonly made by Socialists, justifying

their prophecy that our present system is on the way to a breakdown. The statement is that the rich are growing richer and the poor growing poorer. I know of no statement which causes more irritation to the capitalist press; I suppose I have read a thousand editorials in which the statement is ridiculed, or denounced, or waved aside as out-of-date and not applying to America. Nevertheless, it is the truth, Judd; all the workers are growing relatively poorer, and vast groups of them are growing absolutely poorer, in the terms of what they can buy with their wages. And this in the headquarters of prosperity, the richest of all nations, which houses in its treasure-vaults more than half the total gold-reserves of the world!

LETTER III

MY DEAR JUDD:

How does it happen that, in this our land of liberty and prosperity, the rich are growing richer and the poor poorer.

When you talk about the matter with an economist, he uses many long words, and tells you about natural processes, controlled by inexorable laws. Well, Judd, it all depends upon how you look at it, from the inside or the outside. If you look from the outside, you see economic processes; but if you look from the inside, you see the actions of men. Wealth is produced by the actions of men—you know that, because you do it every day; and wealth is distributed by the actions of men—you also do that every day. If men, in the course of their dealings, have made a hell on earth, it has been because they first had a hell in their hearts; and if they are to make a paradise on earth, they first have to change their hearts, and then no economic laws will stand in their way.

First among the "actions of men" which have made poverty in America, I list our banking system: that is to say, the way men have behaved and are behaving with regard to money. This banking system has been constructed, just as artificially as a house is constructed, and its plan can be summed up in one phrase: to enable those who already have money to get as much more as possible. Many things about the system may seem complicated, but if you understand that basic idea, you will never be fooled.

One man raises grain, and another saws lumber. It would be awkward to exchange a stick of timber for so many bushels of wheat, therefore men have invented money, which is a standard of value, enabling anything to be exchanged for anything else. The first point to be got clear is that money is not wealth, but only a symbol of wealth. You can see that clearly, if you imagine yourself stranded on a barren island with a million dollars in greenbacks. Would you be rich? You would not! And it is equally plain that nobody is made richer when the government prints a new lot of bank-notes. Of course, if you printed the notes yourself, and put them into circulation, you would be richer;

but this wealth would be got by taking away from the owners of real wealth a certain percentage of what they owned; there would be a little more money in circulation, and so the existing stock of goods would have a slightly higher money-value.

That is what I refer to as "diluting the currency." When it is done by governments, it is known as "inflation," and it is a favorite trick of governments in trouble. They print paper money, and spend it for goods, and the more they print, the less is the value of each unit of money, the rouble, the mark, the franc, or whatever it is called. The bankers, of course, are greatly opposed to this method of robbing the owners of wealth; their objection to the process being based upon the fact that when the paper money is printed, the government owns it, whereas the bankers think that they, the bankers, should own it. In this country they have been able to have their way, and we live under a system which establishes the bankers as legalized counterfeiters.

You must understand, Judd, that only about one per cent of modern business is done upon a basis of cash—gold or silver or greenbacks; the rest is notes, or bills of exchange, or checks, or some other form of credit. And the banker is the man who creates this credit. He sells it to you, for whatever price he sees fit; and it is his royal privilege to grant or to withhold it. You may have ever so much real wealth to offer for security, and still meet with refusal; or you may have merely a pretense of security, and carry off the prize because you are the nephew of a director. The banker gives you a "pass-book" with a line of figures written in it, and you go out into the market, and discover that your banker-made money is just as real as any other money you find there—as real as the corn the farmer has raised, or the house the carpenter has built.

The theory is that the banker is lending the money which his bank-customers have deposited with him. But see! You take $350 in greenbacks and put it in the bank, and under our banking laws the banker can deposit those greenbacks with the Federal Reserve Bank, and receive a credit of $1,000; and then on the basis of that $1,000 he is legally permitted to lend out sums amounting to about $10,000 to other customers of the bank. In other words, $350 deposited by a customer becomes the basis of bank-loans, not merely of that $350, but of $9,650 additional, created by our legalized counterfeiter! The outstanding amount of greenbacks, about a third of billion dollars, thus becomes the basis of ten billions of dollars of banker-created money—and this for the national banks alone, without counting all the state banks and the private banks!

The headquarters of this greatest graft of all the ages is Wall Street. The money from all the little banks pours in here, and likewise the insurance money which our people put up to insure the safety of their wives and children. It is all at the service of the big banker-speculators, to be used in manipulating markets,

driving prices up and down, so that the insiders can buy while securities are low and sell while they are high. Here is concentrated the collective greed of all America, and men become frenzied with visions of sudden gain; they sell the goods they hope to have, and buy with the profits they expect to make, and the fires of avarice are fanned white hot, until the whole thing bursts like a crucible in a steel mill.

The financial history of America is the record of a series of great panics, coming at intervals of from seven to ten years. In these crises the bankers used to suffer as well as the rest of us; but this was intolerable to them, and so they put their experts to work. To save yourself in a panic you must have money—a great deal of money in a hurry; and where can such money be got? Where, but from our good old Uncle Sam? So the bankers devised a wonderful new scheme, the Federal Reserve System; a chain of twelve regional banks with a directing head, a banker-board, having for its function to watch over our money system in the interest of the bankers, to lend money freely when they want it to be cheap, and to call in loans when they are ready for a killing; above everything else, to watch out for panics, and when these come, to issue credit to the big insiders, so that they can keep afloat while the rest of us drown.

In the summer of 1920, there was a riot of speculation, and this bankers' board decided that somebody had to be "deflated"; they picked out the farmers—who cares anything about the "hicks" out in the sticks? "Go home and slop the hogs," was the word of a banker-legislator in North Dakota to a delegation of farmers. So the Federal Reserve Board "advised" the farmer banks to lend no more money to farmers; and one little hint was enough to bring farm prices crashing. Before the crisis was over, a total of 603,000 farmers had either lost their farms, or were keeping them on sufferance of their creditors; and those are government figures, Judd! You know how it was with produce that year—the farmers in the middle West burned their corn for fuel, and out here in Southern California it didn't pay to gather the orange and lemon crops. But the prices of automobiles and hardware and lumber and cement did not share this harsh fate; the big Wall Street banks had all the credit they needed, and they "carried" their friends, the big manufacturers, whose stocks and bonds repose in their vaults. They were "sitting pretty," and waited till the storm was over, and we were ready to buy their goods at the old fancy prices.

So you see what I mean, Judd, by my phrase, "legalized counterfeiters." The power to issue new credit is the power to dilute the currency, and merely by the stroke of your pen. All the highwaymen and safe-breakers and world conquerors of history never carried off as much treasure as Wall Street has taken from the American people by the use of this power. In that summer of 1920, the Federal Reserve System took *four billion dollars* out of the pockets of our farmers! And now, Judd, I beg you, when

next you hear people say that human ingenuity cannot cure poverty—*remember how much human ingenuity has done to cause it!*

LETTER IV

My dear Judd:

We are studying our money system, with the idea of understanding how it causes the rich to grow richer and the poor poorer.

Money, in its relation to the price of goods, is like a pair of scales in balance. If you add to the weight in the right-hand pan, it will go down; also, the same thing will happen if you take away the weight in the other pan. A bushel of wheat is worth, let us say, one dollar; and if anything should happen to double the quantity of wheat in the world, the price of wheat would go to half a dollar. On the other hand suppose that without changing the amount of wheat in the world, you were to cut in half the amount of money in the world; then the same thing would happen, the cost of a bushel of wheat would go to half a dollar. By reducing the money supply, you lower prices, and make "tight" money; by increasing the money supply, you raise prices, and make "soft" money.

Now, the people of our country are divided into two classes, those who own money, and those who owe it; the creditor class and the debtor class. It is evident that there is a conflict of interest between these two classes, as to how much money shall be put into circulation. If the money supply is increased, money is cheaper, and wages go up, so it is easier to get money and pay your debts. But the creditor loses correspondingly, because he cannot buy so much goods with the money he gets; thus, for the government to put more money into circulation, is to cancel a percentage of all debts. But on the other hand, if the amount of money in circulation should be reduced, money will be harder to get, and it will buy more goods; thus all creditors will be getting more than is really due them, and a great many debtors will be ruined, because they cannot pay this extra amount.

All through our history there has been a struggle between these two classes. Whichever side controls the government, will shift the currency supply to favor itself. And which side has controlled? The answer is, the rich; they have had the money to subsidize political parties and name candidates and carry elections. Here is a rule of politics, Judd, which I set down for you to paste in your hat and study while you are sawing timbers and mixing cement:

Out of fifteen presidential elections since the civil war, fourteen were carried by that party which had the biggest campaign fund.

The struggle has centered about what is called the "gold

standard." All money of our government is supposed to be exchangeable for gold. Prior to 1873, silver also counted as a standard; but in that year silver was "demonetized," and of course that made money very "tight." The "Crime of '73," this action of the creditor class was called; it produced a frightful panic, and tens of thousands of men were ruined, and hundreds driven to suicide. Since poverty breeds poverty, the great mass of the descendants of these people are still poor, and are told in the churches that it is the Will of God, and in the newspapers that it is Economic Law.

In 1893 we had another severe panic; I was a boy then, and remember it well. Millions of men were out of work and starving, and the mass of discontent piled up, and three years later we had the Bryan "free silver" campaign. I was just beginning to think about politics, and if today I can be patient with the mass of our deluded workingmen and farmers, voting for "Coolidge and Prosperity," it is because I recollect exactly how I was bamboozled in 1896, so that I would have voted for "McKinley and Prosperity," had I been of age. Mark Hanna, the millionaire corruptionist and banker-boss who paid McKinley's personal debts and set him up for our puppet-president, raised a campaign fund of $16,750,000, and bought that election for his puppet, quite openly and obviously; so Bryan, who had only $675,000 for his campaign fund, did not succeed in his scheme of making silver money, and letting all the business men off with half payments to the bankers. So here again you see how the "actions of men" kept the rich rich and the poor poor; and God had nothing to do with it—unless you believe that God was buying votes for Mark Hanna!

The maintaining of the "gold standard" as in 1896 would by now have put the bankers in possession of the entire wealth of our country; and that was what the bankers intended. But an accident happened—the discovery of new gold, and the development of large-scale, commercial mining of low-grade ore. So we got the very thing Bryan had wanted—more money in circulation; and so the bankers have got only one third of our wealth, and a mortgage on another third. Also, they have their Federal Reserve System, whereby they manipulate the currency; they can make "free silver" today, and "gold standard" tomorrow, and when the next smash-up comes, they will sweep the board clean.

As a matter of fact, Judd, the "gold standard" has been nothing but a pious memory since the World War; the gambling game has run away with the players, and no sensible man believes that the world's debts can ever be paid, in gold or in anything else. Our Federal Reserve notes, which make up most of our paper money, no longer carry the promise to pay in gold, or in anything—look at one and see. There are "silver certificates," that promise you a silver dollar, but the others promise nothing. One sort of "paper" is pyramided on another sort of "paper"—stocks and bonds and promissory notes and bills of exchange and

certificates of deposit and personal checks, all take the place of currency, and become the basis of new loans and credits and promises to pay at some future date. The outstanding greenbacks, about a third of a billion dollars, become the basis of ten billion dollars of imaginary money; and there are over three billions of Federal Reserve notes outstanding, and nearly a billion of national banknotes, all secured by nothing but paper; and there are 25 billions of government bonds, to say nothing of all state and county and municipal bonds, and some 19 billions owed to us by foreign nations, all of which paper the banks have put off on us; and we are adding to the foreign credit a billion a year, for the reason that we cannot keep our industries going otherwise. Moreover, we have worked out a system of selling automobiles and houses and furniture on instalment payments, and there are six or seven billions of such credits now outstanding, all backed by the banks.

Such is our "banking system," Judd; and at every step of every process you find the banker paying low interest rates for what he borrows, and collecting high rates for what he lends; at every stage the government belongs to the banker, not merely to collect his money for him, but to fix the rates against you, and even against itself. Thus, after generations of agitation, we succeeded in getting postal savings banks, to protect the money of the very poor; the government pays the poor at the rate of 2% for this money—and accepts only $2,500, even at this low rate! The rest of the money it needs, the government borrows from the bankers at from 3½% to 5¼%! For those Federal Reserve notes which the government allows the big bankers to lend out to you, the banks pay the government about 2½%; and what do they charge for the money they lend to you? Well, I am paying seven, and have sometimes paid eight; God grant that you may never be really poor, Judd, and have to pay what the poor devils pay! It happened a few years ago, by some freak of chance, that we got an honest Comptroller of the Currency—the official who is supposed to control the banks; he found he couldn't and they got rid of him in a hurry—but not before he issued a report, which would have given you the facts, had not the newspapers suppressed it. He said:

"Sworn reports, made by the banks themselves, show that on September 2, 1915, 2,743 national banks, out of a total of 7,613, were guilty of usury. This at a time when the Federal Reserve banks were offering money freely to national banks in every part of the country at rates varying from 3½ to 5%."

In Oklahoma, where the legal rate of interest is 6% with 10% as the maximum under special contract, harassed farmers paid all the way from 12 to 2400%, with 40% as the average. In the case of one bank, the comptroller proved that not a single solitary loan had been made under 15%. He cited one particular case that he asked to be regarded as typical. In the spring the farmer went to the bank and arranged for a loan

of $200. Out of his necessity he was compelled to pay 55% interest charge. Unable to meet the note at maturity, he had to agree to 100% interest in order to get the renewal. The next renewal forced him up to 125%. For four years the thing went on, and all the drudgery of the father and the mother and the six children could never keep down the terrible interest or wipe out the principal. As a finish, the bank swooped down and sold him out; the wretched man, barefoot and hungry, went to work clearing a swamp, caught pneumonia and died; the county buried him, and neighbors raised a purse to send the widow and children back to friends in Arkansas.

And what do the banks make out of such exploitation? Well, take one case; the great First National Bank of New York earned 140% on its capital in 1925; its stock has gone up to $2950 for a share having a par value of $100. According to the "Financial Age," a Wall Street paper, 49 New York banks averaged 50% dividends in 1925.

All right, Judd; and now here are three sentences for you to paste in your hat and learn by heart.

First: *Credit is the life blood of industry, and the control of credit is the control of all society.*

Second: *The private control of credit is the modern form of slavery.*

And Third: *The American banking system is the most perfect contrivance yet devised by the human brain for making the rich richer and the poor poorer.*

LETTER V

My dear Judd:

The next thing we want to understand is the tariff, and how that works to take money out of the pockets of the poor and put it into the pockets of the rich.

The government has to have money, like any other business. We all desire government services, and should pay our proper share, honestly and openly calculated. But we haven't an honest government, nor an honest social system; nobody wants to pay his share of anything, and taxes are unpopular; therefore the politicians put their wits to work and devise what are called "indirect taxes," ways of getting your money without your knowing it. Among these ways is the "protective tariff."

This was another great issue of the McKinley days, and well I remember the campaign slogans, devised for tricking the poor voters! "Protection and Prosperity; the Full Dinner Pail; the Foreigner Pays the Tax!" We liked the last one especially; we hated the foreigner, and were strong for making him pay—though just why we should have expected foreigners to put up the money to support the government of the United States, was something we might have been puzzled to explain!

A tariff is a tax imposed on all goods brought into the country. A protective tariff is a tax high enough to shut out foreign competition, by raising the cost of imported goods. Who pays the tax? The importer pays it, and he at once adds it to the price of the goods, so that the tax is passed on to the person who uses the goods, the ultimate consumer. He is the man who pays, always and everywhere; and the effect of the tariff is simply to boost prices in a whole line of commodities. If the government got all this boost, it wouldn't be so bad; but the government gets only a small fraction, and the rest is a fat and juicy graft for the "protected" manufacturers.

But, say the newspapers and campaign orators of the "Grand Old Party," it is the workingman as well as his boss who is "protected"; if it were not for the tariff, our wage scales would be dragged down to the levels of Europe; the labor-sweating foreigner would "dump" his goods on us! Well, Judd, for the workingman to try to improve his condition by a tariff, is as if a man should make himself rich by taking money out of his right-hand pocket and putting it into his left-hand pocket. If you look only at the left side of this man, you will think he is enjoying "prosperity"; and that is what the newspapers and the campaign orators did—and the poor workingman too, alas; for the subject is complicated, and the workingman does not have much time to think.

But you can see, Judd, that after the workingman has got his protected job and has collected his protected wages, he has to go to the stores and spend his money, and there he pays higher prices for everything he buys, because all these things have been "protected" from foreign competition, and the manufacturers of the things have been able to form trusts and fix the prices at higher levels. Just how much higher are the levels? The answer is easy; they are always a little higher than the wages! The whole story was told in the figures I gave you as to the movement of real wages in our country. Following the example of the "Grand Old Party," let me give you a slogan:

The protective tariff in the past thirty-five years has reduced the real wages of the American workingman by five per cent!

And what about the farmer? The farmer does not get much protection on his products, but has to buy vast quantities of manufactured goods at "protected" prices. Take the United States Census Reports, and study the growth of farm mortgages from 1890 to 1920. This is the final test, you understand; for the farmer does not give the banker a mortgage on his land because he loves the banker, but solely and simply because the cost of running his farm is greater than the income derived from the farm. We find that in 1890 there were mortgages on 27.8% of our farms, and in 1920 on 37.2%. So here is a slogan for the farmers:

The protective tariff has increased the enslavement of the farmers to the bankers by thirty-three per cent in thirty years!

And what has been the effect of the protective tariff upon our politics? That also is easy to answer: it has made them a football to be kicked about by rival greedy interests; it has made our government a fat oyster to be opened and eaten at the banquets of trust magnates. The lobbyists of the big manufacturing interests have swarmed to Washington with their pockets full of bribes, and our congressmen and senators have been hogs at a swill-trough. Our political conventions have been bargain-counters, where candidates have met in secret hotel-rooms with the agents of the trusts, and have sold their honor and the welfare of the people. When the campaigns begin, the protected interests are frightened into putting up huge sums—"frying out the fat" is the phrase; and then we have red fire and torch-light processions and banners and a wild hurrah, and the voters are herded to the polls like sheep—at the standard price of two dollars per sheep.

I grant you, Judd, that it might have been a reasonable policy for the American people to tax themselves to build up their industries at the beginning, when the industries were young and needed help. But what are we to say when these carefully nourished "infant industries" grow up into highwaymen that knock us on the head? It happened that in 1917 our country went to war "to make the world safe for democracy"; and that was surely a time for patriotic sacrifices on the part of these beneficiaries of protection! From a report of the Secretary of the Treasury I take a few figures concerning the profits they made in that year. One woolen mill, hiding behind the carefully constructed tariff wall, made 1770% on its capital stock; and in case that Wall Street method of figuring should puzzle you, Judd, I put it into your kind of figures; you build a house for $1,000, and sell it for $18,700. Seventeen woolen mills reported profits of over 100% on their capital stock—that is, the stockholders got back in one year's profit the total amount of their investment. The great American Woolen Company, with its capital stock of $60,000,000, made a net profit of $28,560,342. Canners of fruits and vegetables, tariff protected, made as high as 2032%. Clothing and dry goods stores, tariff protected, made a profit of 9826%. One steel mill, tariff protected, made as high as 290,999%. This, you will say, must be a joke; but I am quoting the figures of Secretary of the Treasury McAdoo: the capital stock of the concern was $5,000, and the net profits were $14,549,952. The great steel trust, our billion dollar infant, made in two years a net profit exceeding its capital stock.

These of course, are war-time profits; but I assure you, Judd, such things are being done right along, up to this hour. Take our textile industry, highly protected, and paying starvation wages to its horde of wretched slaves. The great Amoskeag Company, manufacturing many kinds of cotton goods, had in 1907 a capital of $4,000,000, which it has increased to $44,500,000, all out of profits. Last year it made a net profit of $2,851,131, which is 71% on the original investment. Or take the bread trust, which

feeds—or feeds upon—the poor in our slum tenements. In 1922 the General Baking Company earned at the rate of 117% on each share of its original common stock. This stock rose from $2 in 1916 to $1,350 in 1925; and I assure you that is not a misprint—it is exactly as written! In this morning's paper I read how the president of this company has just paid $200,000 for a box at the opera; the story tells how he rose from poverty, and we are expected to be proud of him!

Some understanding of the tariff robbery having begun to filter down to the people, our political masters promised us a reform. There was to be a "scientific" tariff; a commission was to study costs and prices, and provide exactly the right amount of protection. Well, last year this commission turned in a report, most "scientific," showing how the sugar trust was exploiting the American people and advising the cutting of their tariff favors. And what did President Coolidge do with the report? He did his best to suppress the facts; and his action cost us a total of $53,000,000 in nine months!

Or again, take aluminum, used in making our kitchen utensils. This trust was organized in 1888, with a paid up capital of $20,000. Not one dollar more of real money has ever been put into it; but it has a tariff protection of 7 cents a pound, and in 1923 the concern paid a profit of 1000% on the original investment! The company's circular now claims assets of $110,000,000, and last year a report of the Federal Trade Commission declared the company a monopoly which "threatened competitors with extermination unless obedient to the company's will." The United States Attorney-General declared, in February, 1925, that this company had violated provisions of the dissolution decree and had "shown itself indifferent to the provisions of the decree."

And what did President Coolidge do about that? The answer is easy—he always does the same thing, which is nothing. And why? The Aluminum Company of America is another name for the Mellon family, and the head of this family, the third richest man in America, is President Coolidge's Secretary of the Treasury, the man who determines the financial policy of our country. Since he took his high office he has had just one idea, which the entire propaganda department of Big Business has been hammering into the heads of our people—that the way to make prosperity for the poor is to reduce the taxes of the rich, so that the rich will start plenty of industries and pay big wages to the poor. You may see exactly how it works, when you learn that this rich law-breaker who sits in our cabinet pays his aluminum workers a wage of $3.36 per day! Figure the income of such a worker, on the basis of six days a week at full time, with no holidays whatever; and then consult last year's income tax returns, and see what income is acknowledged by the Honorable Andrew W. Mellon; and so you get a perfect picture of the Coolidge idea of "prosperity." It runs as follows:

For a wage-slave of the aluminum trust and his family, $88 a month; for a law-defying, whiskey-distilling Pittsburgh banker in the cabinet, $284,000 a month; and to help out the family, $178,000 a month for his brother!

LETTER VI

MY DEAR JUDD:

Figure to yourself a man pumping water from the ground, filling a tank to supply his house. There is an abundance of water, and the pump is big and powerful, and every time the man pushes the handle many gallons go rushing towards the tank. The man works all day, yet when he goes to the house in the evening, he discovers there are only a few drops of water in his tank. Some men have tapped the pipe, all along the way, and have diverted the water to their own tanks; so the man has to supply hundreds of gallons to others before he can get a few drops for himself. Would you not say that it was worth while for that man to find out about those tap-lines; how much they take off, how they got to be there, and by what right they remain?

Well, Judd, that is the position of the American laborer and the American farmer. The tap-lines are called rent, interest, dividends, profits, royalty, taxes, tariffs, speculation, manipulation, inflation, stock dividends, stock watering—a vast tangle of pipes. Let us pay one more visit to the jungle of Wall Street, and trace a few of these biggest tap-lines, which make it necessary for you to break your back all day pumping water for idlers and parasites, before you can get a mouthful to drink.

When they teach you about corporation finance in high school and college, this is how they picture it: Some men put their savings, earned by honest labor, into a company, and buy machinery, and manufacture goods, and sell them at a competitive price, and so of course the profits belong to them, and it all is fair and square, and a beautiful system, under which the public gets an abundant supply of cheap goods. Such a pretty picture these capitalists manufacturers of school text-books prepare—with money they get from Wall Street, and which they parcel out, in the form of commissions to school boards and school superintendents!

But what are the real facts? Well, the first thing the big corporation financier does is to seek out some form of special privilege, some opening through which he knows that he can make quick and certain profits. Understand, I am not talking about the fake schemes, got up by fellows whose purpose is to unload worthless stocks. The Department of Justice estimates that such operations have taken three billion dollars from the public since the war; but that is merely small change, compared with the gains of the real insiders, the perfectly legal and respectable gentlemen who finance our business affairs.

Perhaps it is a franchise or public privilege you are seeking;

in that case you buy it from a legislature or city council. Or perhaps it is land; in that case you employ shrewd lawyers and commit wholesale evasions of public land laws. Or you buy tariff favors; or you get a patent from an inventor by giving him a few shares of stock; or you get secret favors from railroads or other corporations, by giving stock to the officials. There are so many ways and combinations of ways, that I should need a volume to tell about them. Whatever the "good thing" may be, you get it, and then you take it to your friend the big banker, and "let him in" on it. He gives you in return a supply of that life-blood of industry which he dispenses—not real money, of course, but credit, based upon the real money which other people have deposited in his bank. With this you can go out and order all kinds of real wealth—an office, a factory, raw materials, labor—everything will come to you, Aladdin's magic was nothing compared to it. Carpenters will come, Judd, with their saws and hammers and toil for days and months and years; it is a "job!"

Profits are certain—you have seen to that; and on the basis of this certainty you have fixed your capital. Understand, you never put up a dollar of real money—the big insiders never do, they would laugh at the idea. You fix your capital as a function of your expected profits. That sounds complicated, but is really very simple. Wall Street profits average about 7%; therefore you fix your capital stock at fourteen times what your profits are going to be. After you get started, and your graft works, you may find you are making twice what you expected; if that happens, you call your capital twice as much. If you make $70,000 during the year, your capital is $1,000,000. If next year you make $700,000, you increase your capital to $10,000,000. If you make $7,000,000, your capital becomes $100,000,000. You, poor old laborer, will surely think I am joking in such a statement; you cannot conceive such things taking place outside of a dream. Yet, I pledge you my honor, this is the regular routine of Wall Street today, and I could fill pages of this book with a list of companies which have done this very thing, quite as a matter of course.

Take the Standard Oil Company of New York. I recall how, before the war, this concern's stock was quoted on the market at $700 a share, or seven times its par value. What did that mean? It meant that the Rockefellers were old-fashioned, and afraid of the new corporation tricks; they kept their concern at its old capitalization of $15,000,000, while its profits were 70% on that amount. But the time came when the public clamor got so intense that the Rockefellers had to hide like the rest; and what did they do? Well, in 1913, the Standard Oil Company of New York declared a "stock dividend" of 400%; that is, it gave its stockholders four additional shares for each one they already had; so the company now had a capitalization of $75,000,000, where formerly it had $15,000,000. Naturally, then, its profits didn't look so big; they had to be divided among five times as many shares.

And then again, in 1922, the capital was multiplied by three, becoming $225,000,000. The company now pays 14% and that seems bad enough; but what would you say if you figured on the old capitalization and knew it was paying 210% every year!

This is the device known as "stock dividends"—paste it in your hat, Judd! And paste this also: Stock dividends are not profits, according to a decision of the United States Supreme Court! And when you have diluted down your capitalization like this, you are no longer making excess profits, and so you no longer have to pay the excess profits tax! And so, of course, all the corporations hasten to adjust their paper securities; in 1922, more than $2,328,000,000 dollars were distributed in the form of "stock dividends" to happy stockholders. The Standard Oil Company of Indiana paid 2,900% stock dividends in one year. The Brown & Sharpe Company, which makes tools for carpenters like you, Judd, paid stock dividends of 16,000% in 1922! Don't you see how they've got you hog-tied?

Consider our mighty steel trust, Judge Gary's pet, and the darling of our government. I knew intimately the lawyer who was paid a million dollars to form it, and he showed me a lot of "inside stuff"; for example, John W. Gates, Wall Street "plunger," taking a private car load of steel magnates, prostitutes and champagne bottles on a three day orgy, riding about the country and buying steel plants for a joke, at any price the owners cared to ask! Well, when the joke was over, Morgan took the whole outfit away from him—he didn't consider Gates a sufficiently sound man to carry such a great responsibility! So Morgan employed my friend, James B. Dill, to make the trust law-proof, and he put out the common stock of $500,000,000, all pure water and a swindle on the public. I knew an elderly widow who put all she owned into it, and it went to six cents on the dollar! But out of its monopoly of raw materials the trust made good in the end—in two years of the war its net profits were equal to the full amount of the original capitalization, something over $888,000,000!

Or take the beef trust. Armour and Company started with $160,000, and all the rest has come out of profits. In a single year they distributed stock dividends of $80,000,000! Or take that Aluminum Company of America, the family pet of the Mellons, that gets so many kinds of favors from our government; they once declared a stock dividend of 500%, and yet they can only pay their workers $3.36 per day! Or take the bread trust, Wall Street's newest peace baby; the General Baking Company has increased the value of its investment 67,500% in nine years! And out of what? Well, if you are an insider, and can go to the right banks and get a sufficient "line" of credit, you can build huge electric ovens, which will bake bread so fast and so cheaply as to wipe the little hand bakers off the map; they will come to you as wage-slaves, and you will have a monopoly of fresh bread in a great city, and out of your profits you can pay lawyers and

aldermen and editors and labor-sluggers, and be safe against every form of attack.

There is no use piling up examples, Judd. Suffice it to say, that every big business in America is owned and run under that system; and you pay for it. During the war you got your dollar an hour wages, and you thought it was next door to heaven; but you see, for every dollar you made, these Wall Street fellows were making tens of millions; and when it came to the spending of the money, each one of their tens of millions was just as powerful, just as legal and as sweet-smelling, as your pitiful one!

LETTER VII

MY DEAR JUDD:

When I was a youth, trying to find out about my country, one of the first things I learned was that its politics were corrupt. I lived in New York City, and saw that corruption all about me, and the hideous ruin of human lives; naturally I tried to figure out why these things had to be. The explanation given me in school was that it was the ignorant foreigners who crowded into our cities; they didn't understand our institutions, they sold their votes, and delivered our political parties into the hands of bosses.

It happened that I had a certain relative—I won't tell his name, suffice it that he was a financial man, on his way to becoming one of our great millionaires. He wanted to break into New York, so he opened an office, and gave a big block of stock to Richard Croker, at that time boss of Tammany Hall; he made another Tammany chieftain the head of his New York office—and that was all there was to it, he was "in," and his firm took over the city's business along that line, and all city officials and employes were given to understand that they must patronize it. Later on my relative—he was very fond of me, and told me all his doings—named a certain man for treasurer of New York state on the Democratic ticket; he smiled as he told me what that was going to mean, his firm would open offices all over the state and would get the state's business. After which my worthy relative proceeded to scold me for my budding "radicalism," and to assure me that our big business leaders were all patriots and men of honor.

Thus I saw the game from the inside, and little by little I came to understand it. Yes, it was true that the boss paid the ignorant foreigners for their votes; but where did the boss get the money for that purpose? The answer, though painful, was plain: he got it from my relative; he got it from all such business men, seeking all such favors and privileges from the state. And here was a further fact which was plain—my relative did not pay the boss for nothing; he intended to get, and did get, a hundred times as much out of the bargain as he paid to the boss and to the political machine of the boss. And that, I found, was the universal rule of this game of graft; the boss was merely an

agent, set up by big business men to run the political part of their affairs; and as for the ignorant foreigner, he was a convenience which the business man made use of, in politics as in the labor market.

In the old days of the Tweed ring, the politicians used to steal our money outright; but that is over now, because every politician knows, just as every business man knows, that it is so much better to "make" money than to steal it; you can "make" so much more, and there is no danger of being sent to jail. So nowadays the rule of our politics is "honest graft." The chiefs of Tammany Hall do not loot the treasury; what they do is to receive blocks of stock in paving companies and construction companies, which do the work for the city at enormous profits; they own stock in the banks which handle the city's funds; they are in on all the big traction deals; they get up little pet companies, to do this or that service for the public service corporations—to furnish them with ink erasers, or time-clocks, or chewing gum, at several times the market price; and all that is perfectly safe and regular, and instead of sending them to jail we envy them.

I open my morning paper, and here is Arthur Brisbane, sneering at some young men in New York who are starting a paper called "The New Masses": nobody in America wants to belong to the "masses," and the young men ought to call their paper, "How to Make a Million the First Year." Yes, Judd, that is what everybody wants; but can everybody do it? That is a point which Mr. Brisbane, multi-millionaire real estate speculator, fails to cover. But you see how it is: the very essence of "making a million the first year" is that you take it away from other people, who lose in the great business gamble, and remain the "masses," in spite of desperate determination not to.

There is a charming fable by an old-time Italian named Pestolozzi, to the effect that the little fishes in the pond held a meeting to protest against the cruelty of the big pike; and the pike considered their protest and declared the matter should be remedied by a decree to the effect that every year two little fishes should be permitted to become pike. The fable does not tell us how the little fishes took that offer; but if they had been little American fishes they would have been delighted, and would have called it "liberty."

Whether or not some particular little fish becomes a pike is a matter of interest to that little fish, but it does not change the social system. The "masses" remain, and by their labor produce the wealth, and the "classes" take it away from them. What I am trying to make clear to you, friend Judd, is that when you admire the possessor of a bit of juicy graft, what you are really admiring is the power to rob you; because it is your wealth the robber is getting, there is no other wealth for him to get. The old-fashioned criminal graft came out of the tax-payers; and the new fashioned "honest graft" comes out of the consumers of gas and electricity and telephones and transportation and all other

services. Every dollar of profits, whether legitimate or illegitimate, is either paid by the consumer, or else it is written down as obligations, covered by "securities" of some sort, stocks or bonds, and forever after its claim is sacred, and the courts will protect its right to draw tribute from the consumer to the end of all time.

Take our railroads, for example; the history of American railroads is a history of bribery and fraud, continued through generations, and of stock-watering and speculation monstrous beyond belief. The common idea is that two-thirds of our railroad securities are water. LaFollette succeeded in getting a provision for a "physical valuation" of the railroads, and I saw, tucked away in an obscure corner of a newspaper, the results for two Southern lines—the water was nine dollars out of ten! So the "physical valuation" project was apparently dropped—at least, I can't find out any more about it. And now what has happened? The courts have decided that the railroads are entitled to a "fair return" on their present paper values; it is the law of the land that they are guaranteed 5½% on their securities, and if they fail to earn that, the government makes it up to them!

The same principle applies to the public service companies in all our cities and towns. No matter by what bribery their franchises may have been gained, no matter how many oceans of water may have been pumped into their stocks, these values are sacred, and no legislature may pass a law reducing prices below a "fair return." We have public service commissions which are supposed to put a stop to future stock-waterings and fraud, and to protect the public against unjust rates; but what are these commissions doing? The answer is, they are selling us out; and the proof is published daily, in the stock market quotations for the securities of these corporations. That is one kind of proof to which there is no answer, Judd; other people may be fooled about money matters, but the men who buy and sell in Wall Street are not fooled for long; they watch earnings, and, automatically every stock takes the ranking to which its dividends entitle it. If public service commissions are protecting you and me in our rights, then the stocks of public service corporations are of no use for purposes of speculation in Wall Street; on the other hand, if Wall Street is scrambling for them, and boosting the prices of them, it means one thing and one only—the big thieves have broken down the defenses we built up against them.

And what are the facts? Here are the "high" quotations for some of our biggest public utility corporations, the first figure for the year 1921, and the second for the year 1925; the gains speak for themselves: American Gas, 49, 79; American Light and Traction, 112, 249; Middle West Utilities, 24, 112; Public Service Company of N. Illinois, 82, 126; Standard Gas and Electric, 17, 59; Western Power, 30, 86.

And incredible as it may seem, Judd, here is our old friend the "stock dividend!" Yes, even in public utilities, they are getting away with so much that they have to hide it! American Water

Works gave five new shares for one old share; Cities Service Co. the same! Western Power declared a 50% stock dividend; Columbia Gas and Electric gave three new shares "of no par value" for one old share. Here is a new trick, Judd—no par value any more, so you will never be able to say what that corporation ought to earn! You will never be able to raise the awkward question how much real money was put into the concern at the start! They won't have to declare any more stock dividends, for the old ones will serve to infinity; as the cheerful phrase has it, the sky is the limit!

Look, Judd; three years ago we had a big "power fight" in Southern California. It was proposed by public-spirited people that the state should issue bonds for $500,000,000 and develop its own water power. Our big newspapers raved at the wicked idea; they told you that would be "Socialism," and you believed them, and voted down the proposal. So now the great power companies have the field without a rival; they are spending the money—and where are they getting it? Selling stocks and bonds in Wall Street, of course; and on what basis? What basis could there be—except the fancy prices they intend to charge you for power, with the permission of the corrupt public authorities of this state?

And one thing more, Judd; when they come to present their bills—with the permission of the public service commission—they are going to include in the items the amount of $501,605.68 which they paid in the political campaign to bamboozle you! Yes, Judd, they will do that, and you will never know it, because it will be classified as "organizing expenses," or "advertising," or something like that; and how carefully do you go into the reports of the public service corporations which supply you with power? Six power companies admitted before the legislative investigating committee that they had paid that sum in the campaign; the Pacific Gas and Electric Company, the old established rulers of this community, the purchasers of our local government, put in the tidy sum of $133,933.80. And so here is a sentence to paste in your hat, Judd:

Not only do they rob you; they make you want to be robbed, and they make you pay them for teaching you to want to be robbed!

And one more, Judd—a "slogan" for the next campaign:

Letting yourself be robbed is Americanism; defending yourself against robbery is Socialism!

LETTER VIII

My dear Judd:

You read about the rich growing richer and the poor poorer, and you wonder why the poor have stood it. Why didn't they "do something."

The answer is, they tried to, but the rich wouldn't let them. It is of the nature of wealth to be powerful, and to use its power to protect and perpetuate itself. Jesus said: "Whosoever hath, to him shall be given; and whosoever hath not, from him shall be taken even that which he seemeth to have." You have there the whole of political and economic science, and no professor in any capitalist university can say it any better. The history of our country is a record of incessant struggles on the part of the poor, continually repressed and brought to naught by the rich. The most powerful weapon in this conflict has been, of course, the government; the rich have had it, and the poor have been trying to take it away from them, and have failed.

In their battle the rich have had four lines of defense. First, the elections; they put up the money, and subsidize a political party, and carry on a campaign of falsehood and abuse, and buy votes and stuff ballot-boxes, and so defeat the poor at the polls. Second, assuming they fail in this, comes the legislative line of defense; they sow discord in the ranks of their opponents, they buy up some of their representatives, they delay action and confuse the public and plant "jokers" in the bills which are passed. And then comes the third line, the courts; the rich have named as judges their own retainers and corporation attorneys, their fellow club-members and table-companions, thoroughly trained in reference for property; and these judges discover the "jokers" in the laws, and declare them unconstitutional, null and void. Fourth, assuming these three lines fail, the rich simply defy the laws; resting upon the certainty that their government will not punish them; and it does not.

Do these seem to you extreme statements? Each one can be proved a thousand times over by the well-established facts of our history. In a previous letter I made the assertion that out of fifteen presidential elections since the civil war, fourteen were carried by the party which had the biggest campaign fund. Here are the figures, direct from headquarters—the "Wall Street Journal." The winning party is listed first:

1868, Rep. $150,000, Dem. $75,000; *1872,* R. $250,000, D. $50,000; *1876,* R. $950,000, D. $900,000; *1880,* R. $1,100,000, D. $355,000; *1884,* D. $1,400,000, R. $1,300,000; *1888,* R. $1,350,000, D. $855,000; *1892,* D. $2,350,000, R. $1,850,000; *1896,* R. $16,500,000, D. $675,000; *1900,* R. $9,500,000, D. $425,000; *1904,* R. $3,500,000, D. $1,250,000; *1908,* R. $1,700,000, D. $750,000; *1912,* D. $850,000, R. $750,000, Prog. $325,000; *1916,* D. $1,400,229, R. $2,012,535; *1920,* R. $3,986,383, D. $2,891,252; *1924,* R. $3,359,478, D. $845,520, Prog. $225,936. Total of winning party, $49,683,369; of losing party, $14,797,001.

As to ballot-box stuffing, Judd I am not making any guesses, but telling you what I have seen with my own eyes. In my ardent youth I gave my services as election-watcher for the "reform" ticket in New York City, and came very close to getting my head stove in, for trying to prevent the counting of illegal ballots by

Tammany heelers; the thing that saved me was the fact that as the returns came in, the heelers perceived that they had won anyhow, and didn't need the extra ballots! Lincoln Steffens, in his book, "The Shame of the Cities," tells how in Philadelphia the machine used to vote "dead dogs and negro babies"; the title of that chapter was "Philadelphia Corrupt and Contented," and today you can take out the name Philadelphia, and insert the name of any big American city you please.

The poor have never carried a national election in this country since the civil war, and the reason is simple, they have been too poor. It costs a million dollars to put a single piece of literature into the hands of all the voters in our country; and when you figure the cost of the speakers and the halls and the advertising and the bands and the red fire and the rockets and the flags and the bunting and the bunk, you have a total of several times as many millions as ever got acknowledged in the reports of campaign expenditures turned in according to law. The poor cannot produce these millions; and even if they had the money, they could not get the publicity, because the capitalist papers will not print the arguments of the poor, even as advertisements—I know, because I have tried it; the radio will not accept speakers for the poor—I know, because I have tried that also.

As for the second line of defense, the breaking up of popular movements and the bedeviling of popular legislation, the proof is the story of every "reform" movement that has taken office anywhere in the United States. Never once since the Civil War have the people succeeded in making effective a major piece of legislation in their own interest; the proof of which extreme statement lies in the statistics of real wages in the United States—the fact that in the richest nation in the world, for the period of its greatest productivity and expansion, the poor have been growing poorer. We have had campaigns of "muckraking," yes; I remember how, many years ago, "Everybody's Magazine" printed a boastful editorial, listing all the crusades they had carried on for the benefit of the people; and I wrote, challenging them to point out one single practical result which had come of all their efforts, to show where they had been able to divert a single dollar from the pockets of the rich into the pockets of the poor; and "Everybody's" did not take up that challenge, nor even print it. To complete the story, note that "Everybody's" has long since forgotten that it ever had any interest in social justice, and so has every other magazine of big circulation in the United States.

The third line of defense, the courts: that is the most shameful story of all, and for it I reserve a separate letter. For the moment let me make just one statement: there is not in the Constitution of the United States one line which entitles the courts to throw out or to annul an act of Congress. Such action is pure and absolute usurpation, a power which the courts have seized; and they have got away with it for one reason and one only—because it has served the interests of the rich. On that basis they have

vetoed law after law, culminating in the recent decision which sentenced a million little children to slave out their lives in cotton mills and coal mines.

And then, the last line of defense: I say that when the rich do not like the law, they simply defy it. The proof of that statement is written on the front pages of our newspapers day by day. The rich are making no pretense of obeying the prohibition law; I have had drinks offered to me, in defiance of law, in the offices of leading senators and government officials. The big bootleggers today are eminent citizens, on terms of equality with bankers and judges and corporation attorneys; and yet we speculate about the spread of the crime wave!

But the crimes that interest me, Judd, are not house-breaking and safe-cracking, nor even bootlegging; for these take only a few lives, and destroy only a few characters. What I am after are those crimes which degrade whole populations, beating down their standards of life, and depriving them of hope and self-respect; those crimes which sap the foundations of free institutions. And those are the crimes of big business—in other words, the crimes committed by bankers and judges and corporation attorneys. I remind you of the report of a United States Comptroller of the Currency, published in 1916—to the effect that out of 7,613 national banks, 2,743, or 36% were "guilty of usury"—and this "according to sworn reports, made by the banks themselves!" But do you see any procession of national bankers going to the federal penitentiaries for robbing the poor? You do not!

Or take the Sherman Anti-trust law; the most flagrant case in our history of the nullification of a major statute by the will of the rich. This was a law forbidding combination in restraint of trade; it stood in the way of the profits of big business, and big business simply refused to give those profits up. The trust magnates fought the government—for thirty-one years that fight has been going on, in the courts, at the polls, in the kept press, and secretly by intrigue and bribery. Those public officials who could not be bought have been slandered and driven out of public life—Theodore Roosevelt, for example; and the result is that today the law is an absolute dead letter. The great combinations are being formed, all the way down the line—the power trust, the bread trust, the radio trust, the movie trust; they are establishing monopolies and holding up prices and watering stocks a thousand or ten thousand per cent; and what is the state of public opinion on the subject? One of the most conspicuous of the law-breakers, Secretary Mellon of the Aluminum trust, sits in our cabinet at Washington, and dictates a law cutting his own income taxes in half, and another law keeping his income taxes secret!

Or take what happened in the case of the Standard Oil trust. In 1911 the Supreme Court ordered it to "dissolve," the purpose being to restore competition. The concern made a paper "dissolution," into thirty-two separate companies, but for some reason these little companies remained in complete and brotherly har-

mony: so much so that in ten years they increased the market value of their stocks *thirty-five times,* and the dividends paid, including of course the stock dividends, amounted to *eighteen times the total capital when the dissolution took place!* In other words, what Standard Oil did was to make a joke of the law, obeying it on paper and defying it in reality. Yet, are the securities of this criminal organization any the less valid, any the less sacred under the law? Are its dollars any the less real? To ask such a question is to be a "Bolshevik."

Throughout our history, ever since the Civil War, we have had scandals, and government officials have been caught selling out the people to big business thieves. The "credit mobilier," the Tweed ring, the railroad land steals, the Ballinger land steals, the airplane steals, the war-contract frauds, the Sinclair and Doheny oil steals—one could name scores of such. Here and there efforts were made to punish the thieves; but in no case was the stolen money recovered. All those billions of fraudulent dollars exist today in Wall Street, in the form of perfectly sound and respectable securities, standing on a par with all other vested property rights. You, and the rest of our toiling masses, continue to pay dividends and interest upon them; as the system stands, and so long as it stands, you must pay tribute to all that mass of stolen wealth, before ever you can have one penny in your own pocket, one morsel of food in your own mouth!

LETTER IX

MY DEAR JUDD:

We know by now what the word "privilege" means. Hundreds of thousands of people do not have to do useful labor in our society; they draw off the profits of other people's labor, and the good things of life flow to them in a stream so great as sometimes to overwhelm them. And this flow is guaranteed them for life, and to their descendants to the end of time. All our political teachings, all our economic calculations, are based upon the idea that this state of affairs is permanent; the right of property to draw interest, dividends and profits is inviolable.

It is easy to understand that the favored ones of privilege believe in the sacredness of such rights. Once upon a time the priests protected them, and then the kings; now it is the judges, and here is our modern form of superstition, the worship of the Dead Hand. Our newspapers know nobody more wicked than the man who assails the courts; he is a demagog and an incendiary, and now and then some court reaches out its mighty hand and claps him into jail.

Nevertheless, Judd, I take the risk, and point out to you that judges are men like other rich men. I have never seen statistics as to how many are ex-corporation-lawyers, but the percentage must be close to one hundred; for what else is there for a would-be judge to be, except a corporation lawyer? He must be a "big"

lawyer, before he is fit for the bench; and how else can you be "big"—that is, earn a great deal of money—except by serving those who have the money? And how are you going to get your nomination, except by going to see the political boss who has the giving of nominations? And will the boss give you this honor, without asking what use you are going to make of it after you get it? When there are so many millions upon millions of dollars at stake, depending upon your judicial decisions? Really, Judd, if you expect things like that to happen, you are as big a dunce as your industrial masters think you!

It happens that I once knew intimately a very "big" judge; he was a member of the Court of Appeals of the State of New Jersey, which is to say he was one of the five highest judges in a state which was extremely important, because many of our biggest corporations were formed under its safe and easy laws. At the same time the "big" judge was a "big" corporation lawyer on the other side of the Hudson River, in New York state; in fact, he was the highest paid corporation lawyer in the city, which was surely going some; he was the author of "Dill on Corporations," the standard text-book in every law-school in the country. I have sat in James B. Dill's library many an evening, and watched him smoke big black cigars, and listened to him pour out his soul. I will tell you the first story of his career, and then I will tell you the last.

A young law-graduate, he got a job in the law department of a big railroad, I think he said the New York Central; he was to defend accident suits, and the lawyer who took him in charge pulled open a drawer in his desk and took out a list of the judges of the state. "You will notice that some of these names are checked," said the man. "When we have cases, get them before one of those judges. Those are *our* judges." Said Dill to me: "That was a young man's first introduction to the law." I asked: "Is it as bad as that now?" He answered, "There are twenty-two judges of the supreme court in New York state, and nineteen of them are crooked. I can say to each one, 'I know whose man you are,' and not one will dare contradict me."

And then the last story. Dill had just been appointed to his high post in New Jersey, and the day after the news was published, one of his old college friends came to see him, and brought him an offer from E. H. Harriman, railroad magnate, to retain his services in New York for fifty thousand dollars a year, "and you needn't do any work." Dill said to his friend, "What case has Harriman got before the Jersey courts?" The friend replied that it was just general principles, the great magnate liked to have friends on the bench. Dill answered, "You tell Harriman—being a fisherman you can explain what I mean—that a fat trout does not rise to a fly."

Men do not change their skins when they put on black silk robes and mount the judicial bench. A hard-boiled, hard-fisted attorney for labor-smashing employers' associations, such as Butler

of Minneapolis, whose whole political career was an expression of the hateful arrogance of class-greed—when such a man is raised to the United States Supreme Court, he does not alter his nature a particle, but goes right on at his old fighting job and in his old fighting spirit; only now he has the terrible power to say that acts of Congress are null and void. The Constitution gives no such power to nullify the will of the people; and you don't have to be a "big" lawyer to verify that—you can read the Constitution for yourself, and see. And then watch the use which these ex-corporation-lawyers make of this stolen power! To protect the sacred right of great manufacturing corporations to employ child slaves! And likewise the right of employers to underpay their women slaves! And likewise the right of stock dividends to escape taxation! And likewise the right of judges' salaries to escape taxation!

But on the other hand, when the rich pass laws in their own interest, and these laws are in contradiction to the Constitution, what happens then? The answer is that the courts uphold these laws—and it matters not how explicit the provisions of the Constitution may be. The supposed-to-be sacred Constitution of the United States provides that "the right of the people to keep and bear arms shall not be infringed"; and yet the legislature of New York state passed a law forbidding a man to keep a revolver in his home, and a New York lawyer fought that law to the highest courts, and was beaten. Here in California the Constitution provides that "every citizen may freely speak, write, and publish his sentiments on all subjects, being responsible for the abuse of that right; and no law shall be passed to restrain or abridge the liberty of speech or of the press." How could words be more explicit? And yet we have a "criminal syndicalism" law, under which seventy men are now in jail for their political opinions, no other offense having been even charged against them. I personally, as you know, was arrested and held "incommunicado" under that law; my offense being that I started to read the Constitution of the United States, while standing upon private property with the written permission of the owner, and after notice to the authorities that I intended to exercise my constitutional right.

Let me tell you a curious detail, in connection with that incident. The day after I came out of jail I happened to meet on the street one of the highest judges in this state—I know him because I play in tennis tournaments with his son. The old gentleman patted me on the back and said: "Go to it, my boy, you are absolutely right!" But when I asked him to say that publicly, he didn't think it would be proper; and when I asked him to join the Civil Liberties Union, and help to protect all citizens in such rights, he didn't think that would be proper, either. You see how even the most liberal of judges is bound by red-tape and precedent, and leaves it to others to defend the law.

I have seen in Los Angeles a magazine office raided without warrant of law, and the editor, a war veteran, manhandled and thrown into jail—all because the authorities objected to what this

editor was publishing. And not only did the courts permit this, they tried the man, and would have convicted him if he had not run away. All over the country such things were done, with the full sanction of the courts. In New York City federal agents arrested a man and held him in a room in an office building for three weeks "incommunicado," and tortured him until he flung himself out of the window and was smashed on the pavement below. Two other men began holding meetings of protest against this outrage, and they were "framed" on a charge of murder, and the labor movement has so far raised and spent about a quarter of a million dollars to keep them from being hanged. That is the Sacco-Vanzetti case, and you may learn about many as bad or worse from the American Civil Liberties Union, 100 Fifth Avenue, New York.

And how it is with ordinary civil litigation, in which the poor seek justice against the rich? Here I do not have to ask you to take my word, for the scandal is so notorious that even capitalist authorities have been forced to admit it. You see, there are eminent legal gentlemen, occupied in crushing the poor in major ways—the tariff, the trusts, the banking graft, "tight money," child labor, and so on—but when it comes to a poor widow seeking justice against an employer who withholds her wages, these gentlemen think that the law ought to preserve an aspect of impartiality; it ought not be too obvious that there is one law for the rich and another for the poor. For example, a majestic plutocrat like ex-president Taft, now chief justice of our Supreme Court; when such a weighty personage denounces capitalist justice, you surely will believe what he says! Here he is, speaking before the Virginia Bar Association: "We must make it so that the poor man will have as nearly as possible an equal opportunity in litigating as the rich man, and, under present conditions, ashamed as we may be of it, this is not the fact."

Notice the delicacy of the phrasing, Judd: "as nearly as *possible!*" There is nothing "utopian" about our chief justice! Just how possible it is for impotence to be equal to power, is something which has not yet been shown to us; but evidently there is some limit to the possibility, for Dean Pound of the Harvard Law School speaks of the attitude of the law to the poor as "this neglect which disgraces American justice."

For my part, you understand, I do not expect the poor ever to get equal justice against the rich; it seems to me absurd to imagine such a thing happening. The existence of riches in the world, at the same time as poverty, is in itself the sum of all injustices; and so, if we really care about justice, we must either make the rich as poor as the poor, or else make the poor as rich as the rich, or else strike a happy medium between the two. This last is my solution and I hope to show you how it can be done.

LETTER X

MY DEAR JUDD:

We have seen the poor struggling to protect themselves against the rich in the field of politics, and meeting with no great success. There is another place where they struggle—in the labor market. Let us see what happens to them there.

Seeing the employers combining into larger and larger organizations, it naturally occurred to the workers to combine, and sell their labor as a unit. At first the employers made this action a crime, and a great many working men went to jail, before the right of labor combination was granted. Even now, it is only grudgingly granted; the employers in their hearts are still certain that anything which reduces their profits is a crime, and through their courts they hedge the labor unions about with all sorts of restrictions. The doctrine of the present hour is briefly this: that labor organization is all right, provided it does not accomplish anything.

You, Judd, are a non-union man. You grew up in small places, and live now in a suburban neighborhood which is like a small place, in that everybody knows everybody else, and the people you work for are not much better off than you are. You can leave your job any time you don't like it, and that gives you a sense of freedom. But suppose, Judd, you had been raised in the slums of a city, and had to do your carpentering on great buildings, under a firm of contractors; and suppose you found that your freedom to leave your job involved the necessity of hunting another job, under some contractor who belonged to the same employers' association, and paid the same scale, and followed the same working rules as your previous boss? You must see that this would make quite a difference in your sense of "freedom."

Or suppose you had grown up in some industrial center, and worked for the coal trust, or the steel trust, or the beef trust. You have read "The Jungle," and know how the wage-slaves of Packingtown lived twenty years ago. Well, Judd, they are living exactly the same way today. I said concerning "The Jungle" that "I aimed at the public's heart, and by accident I hit it in the stomach"; the public insisted that some pretense be made that their meat was better, but no one even pretended that the workers were helped. And the same thing is true of the slaves of "King Coal"; it did not trouble the American people to learn that the men who dug their coal were living in privately-owned empires, where the elemental rights of American citizens, and even of human beings, had no existence.

In such places the only hope of the workers is to organize, and present a solid front to their masters, and extort better terms by the threat of withholding their labor. For a hundred years the workers have been forging that weapon, and trying it out. There are about four million of them organized, out of the forty-two million wage-earners of the country, and that seems a pitiful few;

but you know about the leaven in the dough, Judd. Perhaps it never occurred to you to realize the influence which the organized carpenters—some 315,000 of them—exercise upon the lives of unorganized carpenters like yourself. They set a standard, that would otherwise be unknown in the carpenter world; they make it certain that no boss can get a really big job done at lower than the union scale—first, because it is hard to get a lot of skilled men together except through the unions, and second, because of the constant threat that a union organizer will get in among them. It is strange to see a man like yourself, rather suspicious of unions, because of all the poison you absorb from the capitalist press—and yet at the same time profiting every working hour of your life from the sacrifices made by union men! Also it is strange to see employers who fight the unions, and denounce them, and boast of the contentment of their non-union workers—and make that contentment by paying the union scale, which otherwise neither the employer nor the men would ever have dreamed of! Once let the "open shop" bosses have their way, Judd, and then see how a "free" carpenter's wages will drop!

We have seen that there is in America a law for the rich, and quite a different law for the poor; and that state of affairs is well known to organized labor, you may be sure. The unions never get far in their effort to raise their members' standards, without encountering the iron fist of the government. I have shown you how the rich defy the laws they do not like; but let no workingman, union or non-union, ever make the mistake of trying that! There are jails and prisons, and also there is the hideous "third degree," with torture-chambers where workingmen are taught their "place"—of subjection and impotence.

Let me give you an illustration, Judd, right here at home, in this paradise of the "open shop." We have a group of employers' federations, with an iron-clad policy of class warfare. An employer who "panders to the union element" cannot get any business, he cannot get credit with the banks—they smash him as you would a louse. And, of course, they keep a card list of men who belong to unions, they follow a man up—the grim device known as the "blacklist." And all this quite openly, it is the industrial policy of Los Angeles, and its boast. And do you hear anything about its being a violation of law? Do you see the publisher of the Los Angeles "Times" being sent to jail for advising employers not to hire members of the carpenters' union? No, Judd, you do not see that!

So, naturally, the idea occurred to the workers that two could play at this game. If the employers could refuse to do business with them, obviously they could refuse to do business with the employers. So they tried it; and then what happened? Why then there appeared suddenly a new crime in the calendar of the law; a monstrous form of wickedness known as the "boycott!" It was a "conspiracy," a plot to ruin a business man and deprive him of his property; and the judges were called upon to forbid it,

and they did so. For violation of such a judge-made "law," the Danbury hatters—union workingmen of Connecticut—were fined $240,000; and the United States Supreme Court upheld that decision. Afterwards union labor succeeded in getting a law in their favor through Congress, and now the courts are engaged in paring that down to nothing. Workingmen may boycott their own employers, but not other employers! But do you ever see employers limited to blacklisting their own workingmen?

I have shown you the judges taking by force the right to annul laws of Congress. Confronting the emergencies of labor strife, these judges proceeded to invent another weapon, known as the "injunction"; which means in brief that any ex-corporation-lawyer on the bench will issue an order forbidding workingmen to do anything that the corporations do not want them to do; and the workingmen have to obey that order, or else the judge will send them to jail for any length of time that the corporation may desire; and there is no jury trial, and no defense, and no redress—the workingmen just go to jail!

What these injunction judges have forbidden labor to do makes a catalog over which you might have a good laugh, if you could forget all the heartbreak and agony of the poor that is summed up in the preposterous sentences. All the hopes that were blasted, the pitiful hopes of a little better food for a sick wife, of a chance to keep the children in school! Such things are the meaning of a strike to workingmen; and suddenly a grim personage in a black silk robe lifts a club and smashes these hopes over the head! As I write, some clothing workers of New York are on strike, and a judge has issued an injunction, forbidding them, not merely to picket the shops of their boss, but to go within ten blocks of the place! In the West Virginia coal fields, they are now forbidding mass-meetings, forbidding the use of money in unionizing the mines, and even the use of tent-colonies for the families of miners who have been ejected from company houses! In Oklahoma they recently forbade miners to pray! In Minneapolis I talked with a labor man who had spent six months in jail for violating an injunction, and he gave me the thing to read, a list of prohibitions that would fill a couple of pages of this book; as the man said, "I'd have broken the law if I'd waked up in the night and disliked my boss."

And every year they are encroaching a little farther on the rights of the workers, and of all citizens. They are trying to set up the principle that it is a conspiracy against the public welfare to interfere with "essential industries." Thirty years ago, when Grover Cleveland sent in Federal troops over the head of Governor Altgeld of Illinois, and smashed the strike of the railwaymen, and threw Gene Debs into jail, it was considered quite a startling action. But now we have got used to things like that, and in 1922 they imprisoned eight railway leaders in Los Angeles, calling their strike "a conspiracy to interfere with the mail." Now President Coolidge, in his message to Congress, is calling for a law to forbid

all such strikes, and take off the shoulders of the judges the embarrassment of having to create the law!

And so, once more, Judd, do you see why the rich are growing richer and the poor poorer? Do you see why the index figures of a university professor revealed that the wage-earners of America, taken as a whole, were five per cent poorer today than in 1890? I told you that riches and poverty are not caused by the Will of God, nor yet by any implacable Economic Law, but purely and simply by the actions of men, driven by the basest of all human impulses, which is greed. And here you see, Judd, exactly what these actions are. Every time an ex-corporation-lawyer on the bench issues an injunction which smashes a strike, he is reducing the average real wages of the workers of America; he is taking away a little more from the poor, and handing it to the rich—and that is the job for which the rich set him up in office, and bought him his black silk robe!

LETTER XI

My dear Judd:

I don't know whether you ever played poker, but I did a few times in my naughty youth. I recall a game known as "freeze-out"; you played till you lost all your money, and the game ended entirely when one man got all the chips. That is our social system—a colossal game of "freeze-out," with winter and disease and death to clear the players from the board. Those who lose at the game are the workers of the world.

You, Judd, must realize that you are in an unusual position for a worker grown old; you own two lots and three houses, and can live partly on the rent. But how many others are there like that? Consider the statement given out this month by the Industrial Accident Commission of California: "One million men and women of America suffered disabling accidents in industries this year." Assuming that a workingman puts in forty years, as you have done, what are his chances of getting off without a disabling accident? There being forty-two million people gainfully employed, the chances would appear to be one in twenty; but of course only part of the disabling is permanent—the victims get well, and go back to be disabled again. The number of accidents increased 30 per cent in 1924, so you see your chances grow less and less.

The worst you got, Judd, was a rupture. But suppose you had been one of the 21,232 to be killed; or suppose you were of the 105,629 who suffered "permanent partial disability" last year; or suppose that you had eight or ten children, instead of one or two; or that your wife, instead of dying in an accident as she did, had been crippled, and left upon your hands for life. Do you think you or your heirs would still have the two lots, and the three houses, and the fine American sense of security?

Look, old friend, here are some figures worked out from in-

surance tables by the National City Bank of New York, the richest bank in the country. They are trying to persuade people to take out insurance, so that the money will come back to Wall Street for them to use in stock gambling. Taking 100 people 25 years old, they ask what will be the position of these same people at the age of 65; and they say 1 will be independent, 4 will be well to do, 5 will be working for a meagre living, 36 will be dead, "many of them for want of attention that money would have secured," and 54 will be dependent upon others. "Out of the entire 100, only 5 will be in satisfactory circumstances." There you have a picture of what the richest nation in the world has been able to achieve in the way of sound human happiness!

Our Mother Nature is a wasteful parent, who creates many millions of salmon eggs in order to produce one salmon. It is the same way with human life also in its dark beginnings; history is a tale of mighty empires arising only to be destroyed again, and of populations wiped out by plague and famine and slaughter. But now the light of reason is beginning to dawn; a few of us have the idea that human energies might be rationally guided, and that men might cease to spend their time digging holes in the sand and filling them up again.

Consider war. Women bear children with much pain, and raise them with loving care, and then send them out, at the very prime of their lives, to be blown to pieces by shot and shell. Other men in factories, who might be making the means of human happiness—automobiles and radio sets and books and music—these men are making explosives to wipe out whole cities, and gases to poison the inhabitants. In the late war we destroyed 30,000,000 human beings and $300,000,000,000 worth of treasure, the product of a whole generation of useful toil.

They promised us that this war was to be the last, but what are the prospects? In 1912 our government spent for defense nearly a quarter of a billion dollars, and our 1926 budget for the same purpose is more than three times that amount. In 1920 the Bureau of Standards analyzed our budget and found that expenses for wars, past and future, composed 93 per cent thereof. Think of it, Judd, a great government spending one dollar to save life and property, and thirteen dollars to destroy it! Of course, the military men will say that the thirteen dollars are to prevent other nations from destroying us, but the obvious fact is that when we spend this money on armaments we cause other nations to do the same, so we might as well do our own destruction and have it over with.

Or consider child labor. We take a million children out of school and put them into factories and mines, thus stunting them in body and spirit, and when they grow up into cripples, defectives, criminals and grafters, we pay ten or a hundred times what we got out of their childhood labor! Or consider crime, which is caused by the presence of extreme poverty alongside extreme wealth. Including criminals and those who catch them, this factor

of waste keeps more than 700,000 persons out of productive work. Or take prostitution, caused by poverty and low wages of women in industry. There are over a quarter of a million women in our country who live by spreading vice and disease, and the American Social Hygiene Association estimates that this costs us $628,000,000 every year.

Or consider adulteration, the putting of worthless goods and poisonous foods upon the market, all for profits, of course. Or the wastes of advertising—the seekers of profits spending a billion and a quarter dollars a year, and keeping more than 600,000 people busy all the time, in order to persuade us to stop buying the worthy products of Jones and to buy the unworthy products of Smith. This is civil war within our industry, and one of its weapons is fashion, the making of imbecile changes in our goods every season, in order that we may be ashamed to wear our perfectly good clothes after the first year.

Or take the wastes of mismanagement of industry. The so-called "Hoover Committee" of the American Engineering Societies made an elaborate study of this field, and it is interesting to notice that this employers' body attributes 50 per cent of the blame to management and only 25 per cent to labor. They estimate the percentage of waste in a few great industries: Metal trades, 28 per cent; boots and shoes, 40 per cent; textiles, 49 per cent; building, 53 per cent; printing, 57 per cent; men's clothing, 63 per cent. Notice that figure for building, Judd, and be sure you get what it means: out of 40 years you put in at carpentering, 21 years went to no purpose, because those who directed your labor were making money instead of making houses!

One great form of industrial waste is men and women willing to work, and able to work but unable to find work to do. I regard this as the basic evil, the cause of most of the others, and I believe that it is an essential part of our present profit system, without which that system would break down. First, let us see exactly how widespread the evil is.

I point out, Judd, that nowhere in these letters have I given you any Socialist figures about anything; in each case I go to the most "respectable" authorities, those who are least favorable to my point of view. In this case of unemployment I consult a volume prepared and published with money derived from the estate of one of the richest landlords and money-lenders that ever died in the city of New York. I refer to the Russell Sage Foundation, and here is the sentence in which they sum up their final figures on unemployment: "To conclude that, averaging good and bad years, from 10 to 12 per cent of all workers are idle all of the time, is probably an understatement of the situation." The book calculates the number gainfully employed at 42,000,000, and 12 per cent of that is over 5,000,000.

When you talk about five million people out of work it doesn't mean much, because we haven't the mental power to grasp such a

thing. Let us say *one* person out of work, and see what it means. It so happens that before I sat down to my typewriter this morning the postman brought a letter from such a person; twelve miles away from us, in the great rich city of Los Angeles, a war hero is begging a job, and his wife and children are starving. This hero encloses a visiting card, reading, "D. S. C."—that means "Distinguished Service Cross"—and down in the corner is "Chevalier Legion d' Honneur; Croix de Guerre," the decorations prized above all things in France. And on the back of the card he has written: "Ex-soldier, bonus-pest, charity-dependent." He encloses newspaper clippings: "Top-sergeant in the suicide squad of machine gunners," left for dead on the field, taken to base hospital, returned to front, made lieutenant, more hospitals and medals—regular hero stuff, you see, and here he has been hunting any sort of job for months, and tells me how it goes:

"Louise the baby is low from malnutrition. Virginia, the oldest, the invalid around whom my book is written, coughs all night incessantly. We are making our last stand. As completely isolated as though in the heart of the Sahara. Today I received my first offer of a good job in weeks, but it necessitates my providing at least $22 of special tools. It's on tractor transmission; I built them shortly after the armistice, but when I entered Stanford University I was through with mechanics, and gave away my kit. I took my D. S. C. and other war junk down to my favorite pawnbroker Saturday but they wouldn't bring carfare to Pasadena now."

So here, you see, is one of the victims of our great game of "freeze-out"; and what was his weakness that caused him to lose in the game? The answer is plain enough—he believed the propaganda of our war profiteers and went over to France and risked his life and ruined his health and fortune—while 23,000 able business gentlemen stayed at home and made themselves into millionaires! "What price Glory," Judd!

LETTER XII

My dear Judd:

I have said that unemployment is a disease of the profit system, incurable under that system. I am now going to show why, and I consider these facts the most important in the whole world for a workingman to understand. They are perfectly simple—any child can grasp them; yet they are never mentioned in any newspaper, and never taught in any school. The reason is equally simple—any editor who publishes them, or any teacher who teaches them, immediately loses his job.

I put them into a series of short sentences for you to paste all around the rim of your hat and study while you are sawing timbers and mixing cement. First, then:

The boss is not in business for his health. Ask him!

And then, equally easy to verify:

The boss will make no more goods than he can sell at a profit.

And so, plainly enough:

Profits for the boss, wages for the workingman; no profits for the boss, starvation and death for the workingman.

So far, every business man will agree; in fact, this is the doctrine they hammered into your head during the Coolidge campaign, and it got them seven million plurality. All right, then; and now let us suppose, just for the sake of arguing, that the Coolidge administration believed in allowing the rich to charge as high prices as they pleased for goods, and to break strikes and beat down the wages of the poor; what would happen then? Why, obviously the poor wouldn't have the money to buy so much goods or to furnish so much profits for the bosses; it would be only the rich who had the money, and goods would be more and more for the rich, and less and less for the poor. Take notice, Judd, the Secretary of the Treasury estimated that in 1919 the amount spent for luxuries in our country was $22,700,000,000—and with millions of families lacking bread!

But with the flood of goods pouring out from the machines, the rich find it harder and harder to consume the product; they take to reinvesting their money, that is, using it to make more machines, to turn out more goods, to be sold for more profits. But already there are more goods than can be sold; there are no longer enough profits to supply the demands of the great mass of heaped-up capital. So comes a glut of goods, and factories have to shut down, and we have "hard times." Just what are "hard times," Judd? Paste this in your hat now:

Hard times are tenant farmers starving because they have raised too much food!

And again:

Hard times are weavers in rags, because they have made too much clothing!

And again:

Hard times are carpenters homeless, because they have built too many houses!

And finally:

Hard times are workingmen who have finished making the world for their masters, and are ordered to move on to some other planet!

You will say, Judd, that such absurd things could never happen. To that I answer, very simply:

They are happening right now to several million Americans who are hunting jobs and not finding them!

This insanity of "hard times" comes periodically in our affairs, in great waves known as "business cycles"; they are due at

intervals of from seven to ten years, and are just as inevitable as the tides of the sea. Learned economists study the history of these tides of ruin and make charts and diagrams of them; but if you state the cause, you become an outcast from the business world; and so naturally nobody does state it—except a few outcasts like myself.

The professors of economics admit that this trouble is caused by "over-production," and we must get straight exactly what that means. It doesn't mean that we have produced more than we need; on the contrary, we have millions living below the wage level of common decency—our average wage is $1,200 a year, and the cost of keeping a family on the bare necessities is $2,000. But it doesn't matter how much people need; the thing that counts is what they can buy. I give you another slogan, and next time you meet a professor of economics, ask him about it:

If you've got the price, you're a consumer; if you haven't got the price, you're a bum.

Well, since we American consumers can't buy our own product, the owners of the product—that is, the rich—have to look elsewhere for customers, and so comes the hunt for "foreign markets." Understand me, I do not object to our going abroad for the things we can't raise at home; to exchange automobiles and moving pictures for bananas and coffee—that is normal business. What I am talking about is a glut of goods that we can't sell at home, but must sell abroad, under penalty of seeing our workers turned off to starve. We don't take goods in exchange—oh no, that would break down our home industries, and we protect them by a high tariff wall. What we take are paper promises to pay us at some future date; we go on continually selling more than we buy, and filling our bank vaults with these paper promises, and that is called a "favorable balance of trade."

But all the highly developed nations, Britain and France and Germany and Italy and Japan, are in exactly the same plight as ourselves; they also have more goods than their half-starved workers can purchase; they also are looking for foreign markets, to save their business system from collapse. Each finds its chance of salvation in selling to the backward nations, which cannot yet do their own manufacturing. So we run upon this curious situation:

The existence of American industry depends upon our selling cotton shirts to Chinamen, who are so poor they can't afford but one shirt at a time.

And now, see the next step! Trying to save our own business system, we threaten ruin to the business system of some other country, say Japan. Naturally, the business men of Japan don't like that; so we have trade rivalry, and out of that we have war. The cause of modern war may be put into one sentence—and I

beg you to realize that it's no joke, but the grimmest of grim realities:

If we don't go to war with other nations, they will take away from us the chance to sell to Chinamen those cotton shirts of which our workers have produced so many that they have to go in rags.

I could go on like that indefinitely, making funny sentences about this funny system. I could tell the hilarious story of how Britain and Germany went to war to take away from each other the chance to sell shirts to Chinamen—and to Hindoos and Persians and Arabs and Turks, of course. When they had destroyed 30,000,000 human lives and $300,000,000,000 worth of goods you might think they would have cured their "over-production" for quite a while; but they had made a miscalculation, and fought too long, and borrowed too much money from us, and so their governments are burdened with enormous fixed charges, and there is chronic unemployment in both Britain and Germany, and almost a collapse in France.

And how about us? We have that "favorable balance of trade," so ardently desired by the prosperity boosters; indeed, we have got such a bellyful of it that for the first time we are forced to realize that it's nothing but wind. Europe owes us, in one form or another, some $19,000,000,000, and can't even pay the interest; they made no pretense of trying—until they had to borrow some more! Italy came, bowing low and grinning behind its cap, agreeing to pay several billions in the course of 65 years—on condition that we lend another $200,000,000 right off! Germany did the same thing, and France will be doing it, probably before these words see the light of day. Our great financiers accept these paper pledges, for the reason that they are stuck with $19,000,000,000 of them already, and can't contemplate what will happen when the whole thing turns out to be wind. We go on adding about a billion a year, because the only way we can keep our factories going is to ship our surplus goods abroad—and take nothing back, because that would stop the factories!

We promised our people "prosperity," you remember, if only they would vote for Coolidge; and they did so, good, patient souls; so now we have to deliver it. The way of "prosperity" is to keep them working to feed and clothe Frenchmen and Germans and Italians and Chinamen and Guatemalans and Haytians—anybody who will send us a beautiful engraved sheet of paper promising to pay us 65 years from now! To be exact, Judd, they don't even have to engrave the paper; we do that in Wall Street, and they send us a "mission" of white or yellow or black gentlemen in frock coats, to sign opposite the red seal. So here, Judd, you have this wonderful jazz system in its final, delirium stage—our whole people starving themselves on half wages, and sending the surplus abroad, so that our rich men may fill their vaults with pieces of paper which they dare not permit to be redeemed! We already

have more than half the gold in the world, and far from taking any more, we have to ship some abroad now and then, to keep some debtor nation from going bankrupt!

Don't you wish, Judd, that you could find some benevolent storekeeper to do business with you on this ultra-modern jazz basis? Never, never can he be persuaded to take your money, but takes only checks, and does not cash them for 65 years; and if at any time you need money, you threaten to go broke, and immediately he gives you cash and takes some more checks; and if ever you try to send him a truckload of goods, to pay off at least part of the debt, he holds up his hands in a fit of high-tariff horror and says he couldn't think of taking goods, it would ruin the people inside his store who have the jobs of making that same thing! "For God's sake, take away your truck," he exclaims. "Just mail me another paper promise, and anything in the place is yours!"

I conclude with one more sentence for you to learn, Judd:

Our present system of "high finance" is a soap-bubble, which differs from other soap-bubbles in just one respect—it is as big as the world.

LETTER XIII

My dear Judd:

The essence of our industrial system is the private ownership of the means of production; with profit for the private owner as the motive power of industry. The capitalist produces the goods we need, and in order to get them we pay him everything above the bare means of keeping us alive and enabling us to raise the next generation. If this system should break down, it is obvious that we must change to some form of social ownership of the means of production; instead of having the capitalist produce for us, we must do it for ourselves, and the motive power will be, not the desire of the capitalist for profit, but our own desire for the goods.

What difference will that make in the industrial system? At first you might see no difference at all. The worker will go to the factory, where he will find foremen and superintendents in charge, and a time-clock keeping tab on him. On Saturday night he will get his pay envelope, and will take the money and spend it at the stores. The goods produced in the factory will be shipped to all parts of the world, to people who pay for them by checks, which go through banks and a clearing-house—you might follow the whole process, and fail to realize there had been any change. At only one place would the difference appear—inside the pay envelopes. There being no longer any absentee owners, drawing off rent, interest and profits, those who do the work, whether of hand or brain, will now be the only people to draw anything out; and consequently there will be considerably more in each pay envelope.

Wall Street propagandists are fond of figuring how much goes to labor and how much to capital, and proving that to wipe out the capitalist would add only a small percentage, say ten per cent, to the share of each worker. This is a trick, for the reason that a great part of the capitalist's share appears, not as profits, but as various forms of "fixed charges" against the industry: the interest on bonds, the rent of land, the royalties to owners of various privileges. To give just one illustration, the New York Central Railroad crosses a bridge near Albany, and a private concern owns that bridge, and the railroad pays one cent for every passenger, a small fortune every year. Our whole industrial system is a tangle of grafts such as that; the railroads are plundered by right-of-way companies, sleeping-car companies, refrigerator-car companies; industrial concerns are plundered by private railway lines, owned by "insiders," or by companies having a "cinch" on repairs or materials or accessories. Just the bookkeeping on such rights is a vast industry, and the adjusting of them supplies a living for thousands of lawyers and their clerks. To wipe all that out will be to dump a mountain's weight off the back of production.

But even suppose it was as the Wall Street propagandists argue—that capital got only ten per cent—would that be the only gain for labor? No, Judd, it would not; and here is the most important point that I have to get across to you in these letters. The proposition may seem difficult, but I beg you to put your mind on it and get it straight, for it is not too much to say that all freedom and happiness for the workingman in our time depend upon his understanding these matters, so that the clever hired writers of privilege cannot befuddle his mind.

Whatever may be the percentage that goes to capital—whether ten per cent, as Wall Street claims, or thirty or forty per cent, as I could prove—nevertheless it is this percentage which causes our industrial ills today. It is this surplus which, drawn off and re-invested in more means of production, causes the glut of goods which we know as "hard times"; it is this surplus which causes speculation and panics, and turns the worker out to join the ranks of the "unemployed," and to beat down the wages of his fellows; it is this surplus which causes the search for foreign markets, and draws the great industrial nations into war. Figure to yourself a body having an iron ring riveted about it. At first this ring makes no difference, but as the body grows it causes strangulation, and the time comes when for all the agonies of that body there is but one remedy, to cut the ring.

Cutting the ring is simply this: to take the surplus product away from capital and give it to labor; so instantly you have remedied the evil and relieved the pain. How so? Because labor now becomes able to consume the entire product of industry. Labor can consume it, because labor has the money to buy it. Before this, as we have seen, labor got only part of the money, and so could buy only part of the product; the rest had to be

either wasted by the rich, or sold abroad. But give labor the full value, the actual equivalent in purchasing power of the amount of goods produced, and so consumption balances production, and the factories can work merrily, as many hours as we desire, turning out for each and every one of us as much goods as we care to consume. The only restriction is the basic law of social justice—that before any man consumes anything he must render to the community an equivalent service.

The hired men of the exploiters do all they can to confuse this argument; I hear them laugh that I have some kind of deluded horror of a surplus. We ought to save, they insist, and provide against a "rainy day"! Yes, of course—and not merely against rain, but against famine and earthquake and tornado. I have no objection whatever to a surplus; the question is, who is to own that surplus—those who do the work, or those who live as parasites? That makes all the difference; for when a workingman has made too much wealth for his master, the workingman is out of a job; but when the workingman has made too much wealth for himself, the workingman is on a vacation.

Here is this great rich country of ours, with all its natural resources, its marvelous machines, its willing and clever workers; and when we have broken the iron ring we can produce goods for ourselves, and consume and enjoy them, and stay quietly within our own boundaries. No longer do we keep our workers on starvation wages, and ship all our surplus products abroad, to be consumed by Frenchmen and Italians and Turks and Chinamen and Hindoos, in return for paper promises to pay money to our capitalists! No longer do we have to go to war, to seize foreign markets from other capitalists! The workers now own the factories, and also they own the working capital, and they produce goods for use, and if we have foreign trade it is because we want things from abroad, and not because we have to get rid of our surplus product under penalty of starving. This is what I describe as a Free Society, Judd; I say that in such a society, with production rationally planned, and all wastes removed, we should produce wealth in such quantities, so quickly and so easily—well, you would think I was joking. But leading engineers have told us that we have, in our machine power, the constant labor of *three billion slaves*. In thirteen industries, figured by the capitalist, Mr. Babson, we have *88 times* the productive power we used to have by hand labor. Just think what that ought to mean!

Or look at it another way. Twenty years ago Sidney A. Reeve, an engineering expert, calculated how much we wasted by the competitive production of goods, and in a big book full of tables and charts, he worked out the figure of 70 per cent waste. We have seen the Hoover Committee, considering merely the wastes *inside* each industry, giving figures as high as 60 per cent of waste. Mr. Stuart Chase, in his wonderful book, "The Tragedy of Waste," figures 50 per cent as the minimum. Well,

let us take the minimum, for a start. What does it mean? I answer:

In a free society what we now have will cost us four hours labor a day.

And more than that, Judd—something absolutely vital to every poor man in our country:

In a free society every man may work as many hours as he wants to work, and get the full value of what he produces.

So now we can make what would have seemed at the beginning a bold claim:

From a free society involuntary poverty will be banished.

And finally—one sentence more—and I beg you to learn this one:

The end of involuntary poverty means the end of most prostitution and crime, and of all war between civilized peoples.

LETTER XIV

My dear Judd:

It is an interesting thing to study the development of human society through a long period of history. Men began in small tribes, in which they were very much alike, and stood on an equal footing. These tribes fought, and absorbed one another, and grew more complex, with greater differences among the members; dukedoms and principalities arose, and then kingdoms, and at last great empires, with rulers and subjects ranged in classes, and the class lines rigidly drawn.

It was against such a form of society that our ancestors revolted; they had a new theory of government, and established a new form—a republic, owned and run by its citizens, all standing on an equal plane. The process of evolution in the political world is still going on, and some day we shall see a world-wide federation of republics, in which the human race will share equal rights.

It is fascinating to realize that this same process is going on in the world of industry. Here also we see the various enterprises struggling, and some winning and absorbing the others, until today we have industrial monarchies and empires. It is not merely a figure of speech when we talk about coal barons and steel kings and emperors of finance, for these men occupy the same positions and hold the same kind of power as the rulers of old days. And just as we saw revolutions in the field of politics, so we shall see them in industry. In fact, the first of these great revolutions has taken place before our eyes; the workers of Russia are now trying to show us that a government of industry by the citizens of industry is a possible thing and a step in progress. Our capitalist newspapers are sure that they must fail; but even if they did, that would not upset the argument,

for the first political revolution in England failed, and the first two in France; but that has not kept a whole string of other countries from turning into republics.

The way human beings learn is by trying; and we are in the stage of history where men are getting ready to try democracy in industry. There will be mistakes, and a great deal of waste and suffering; nevertheless, we shall press on, and in the end we shall achieve a higher type of society than anything conceivable under industrial monarchy, or imperialism such as we have today.

You remember King Louis of France, the "grand monarch," who said, "The state, it is I"; well, imagine the scoffing you would have met with, if you had talked with some haughty marquis of that court, and tried to tell him how some day in France the common "riff-raff" would have votes, and choose parliaments, and decide the issues of war and diplomacy. He would have been quite sure they could never do it; and as a matter of fact, they don't, Judd—but they will; yes, even here in the United States the people will some day decide!

Today our great captains of industry are no less certain that common workingmen cannot possibly have intelligence enough to run factories, to say nothing of deciding the broad policies of business. The masters have won the money fight, and got the power, and they mean to hold on to it, and train their descendants and found great money-dynasties. But the same thing happens that we saw two hundred years ago with the French kings—the new generations become enervated and worthless, and the wealth of the community flows into the lap of idlers and parasites, who squander it in dissipation and display; the poor become discontented and rebellious, and the rumble of the approaching deluge is heard.

Our capitalist newspapers never get tired of harping upon the failures of government ownership, the waste and the graft. Private ownership is the way to efficiency! Well, Judd, there is a lot of present-day efficiency which I am ready to do without, beginning from this very hour. For example, efficiency in maiming and killing workers—which caused one million in our country to be disabled in 1925! Labor today works under the lash of the slave-driver, and I am willing to see industry slow down, so that workingmen may be human beings. And then, I examine the graft under public ownership, and what do I find? Private owners seeking private profits out of government! Here is a slogan, Judd:

The cause of graft is not public ownership of industry, but private ownership of politicians!

How can we stop that? We have tried the plan of sending the grafters to jail, but that doesn't work, for the reason that the grafters buy the prosecuting officials and the judges; in the few cases where we get them into jail, they buy the jailers. So I

suggest a new plan—that we take away the motive to graft, by making it impossible for any man to exploit the labor of his fellows, or to monopolize those things which are necessary to the life of all.

Learning industrial democracy is like learning to swim. You stick one foot into the water, and you see that it sinks, and so you draw it out in a hurry, and decide, it is impossible for you to stay on top of the water. And then along comes a man who says: "Yes, you can swim, but not until you go all the way in." It seems an absurdity at first, yet it is the literal truth about government ownership; you can own and run it all, but you can't own and run a small part!

At present private ownership is making all the big profits, and so, of course, it is paying all the big salaries, and getting most of the competent men. Not content with that, it is undermining the competition of government, using its huge resources to buy the political parties, and nominate incompetent men to public office. That is no wild statement, but a fact of big business policy. Our masters, who control the political parties, are afraid to have competent men in public office, for fear they might take up a notion to do something real for the public welfare. They prefer a man who can't kick over the traces, because he is too feeble. That is why at the last nominating convention they turned down a really competent and loyal servant of theirs, Mr. Herbert Hoover, and gave us poor, shy, pitiful Mr. Coolidge, who can never by any possibility do anything, for the reason that he doesn't know what to do.

When you and I, Judd, and the rest of the useful workers of America, get ready to run our own business, we can do it. We shall do it, if for no other reason, because we have to—because we need food in our cities, and machinery on our farms. We shall hire the best experts to run our industries; and many of them will be the very men who are running them now—they will be just as well content to work for the American people as for Johnny Coaloil, who is now taking a yachting trip with a dozen chorus girls on the Riviera, or for Mrs. Silly Splash, who is setting the new fashion in diamond-embroidered bathing suits at Palm Beach. Yes, Judd, we shall find ways to run our business without these elegant idlers; and whatever waste there may be won't be so bad as having them corrupt a whole generation of our young people by their vicious folly. If there is graft, we'll find ways to stop it, and if more efficiency is needed, we'll get it—because it will be our business, and our loss if we fail.

I'll go even further, Judd; I'll assert that the amount of waste inherent in capitalism is so frightful, that no amount of inefficiency under a free system can approach it. Remember the "iron ring," and what it will mean to us to get into the factories, with the right to run them for ourselves! Remember our figures on the wastes of competition! Let us have a "slogan," for you to paste in your hat and learn, Judd:

To compare the productive powers of a free system with those of capitalism, is to compare a normal human being with a vicious maniac.

Just a sentence or two, Judd, to remind us what this maniac has done:

Capitalism, between 1914 and 1918, deliberately destroyed 30,000,000 human lives, and $300,000,000,000 worth of property!

And again, Judd:

Capitalism in the United States keeps an average of five million men out of work all the time!

And again, Judd:

Capitalism in Europe last summer had nine million men working hard at learning to destroy the wealth which the rest of the workers were creating!

And then paste this sentence in your hat, Judd:

While our population increased 200 per cent in the past 50 years, capitalism increased our expenditures for mass-slaughter more than 2400 per cent!

LETTER XV

My dear Judd:

We are going to take over the industrial plant of the United States, and run it as one planned enterprise for the benefit of the whole people.

Just what do we mean to take? Roughly speaking, all railroads, telegraphs and telephones, all banks, the mines and large factories, the large oil fields with pipe-lines and refineries, the large packing and canning plants, the large warehouses and stores, and what office buildings are necessary for these enterprises. We do not want the homes, nor the personal property, nor the automobiles, nor the livestock; nor, if I have my way, shall we want farms. Some old-time Socialists will contest this, but the new generation will agree, I think. The reason is interesting, and it may help to clear up the whole matter if we begin by considering the problem of the land.

Karl Marx thought that the farms would go the same way as the factories; that is, they would get bigger and bigger, under capitalist ownership. He failed to allow for the essential factor —that no capitalist can work his employes so hard as the small farmer works his women and children. So the small farmer has stayed on his small farm; a free man—except that every year he is deeper in debt to the banker, and in a larger percentage each year he loses the ownership, and is merely a tenant, supporting an absentee landlord. The modern Socialist, recognizing that situation, does not propose to walk into the trap, but seeks a different solution of the land problem.

The single taxer comes, urging us to take the burden of taxes

off improvements, which are made by human labor, and put it on the land, which is the gift of Nature. He points to the rise of land values in cities, the so-called "unearned increment"; values go up, because people crowd into the city, and private owners get a colossal increase, which they have done nothing whatever to earn; their gains make a heavy burden on production, which the whole community must pay. That sounded reasonable, and so for a while I was a single taxer; you'll be interested to know, Judd, that the reason I gave it up was you!

We had a big single tax campaign here in California in 1916, and I put in some hard work at it; among other things I spent a day arguing with my friend Judd. We were sitting on the roof of the garage, laying shingles, and all the time I tried to make you "see" the single tax. But you had read in the Los Angeles "Times" that it would increase the taxes on your two lots, and that had made you mad; also, you had read that it would take the taxes off the rich man's bonds, and off his wife's jewels, and that had made you madder. I tried to get you to see the absurdity of believing that the "Times" could be interested in keeping any taxes on the rich; I tried to show the actual reason, that the tax collector couldn't find the rich man's bonds, nor his wife's jewels. But you didn't get it, Judd, and when I saw the votes of all the other Judds in that election, I decided that the single tax is a tactical blunder. Never again will I be caught proposing to take any taxes off the rich; from that day forth I have been a multiple taxer —I want to put just as many kinds of taxes on the rich as the imagination can invent.

Joking aside, Judd, I changed my whole strategy as result of that day on the roof with you. For twelve or thirteen years I had been expecting to see Socialism brought about by some sort of tax on wealth; but you made me realize how passionately every human creature hates taxes. Could one not find some easier way? I realized that all men like money, the more the merrier; and then came the war, and I saw our government making money by the billions, just by acts of Congress and the waving of a presidential pen. Then came the panic, and I saw our wonderful Federal Reserve System making more billions for the use of the big bankers and the trusts; so a great light dawned upon me, a heavenly light! I see now, Judd, that we shall forget taxes altogether, and take a leaf out of Wall Street's new book; we shall make as many billions of new money as the emergency requires, and instead of having Wall Street put that new money off on us, we shall put it off on Wall Street!

I know some young workers in our country who call themselves social revolutionists, and are impatient when they hear me talk about compensation for the capitalists. These young people feel ugly towards the capitalists, and for this I do not blame them, seeing how they have been treated. But the point of my criticism is that these young enthusiasts want to be ugly to the capitalists in an old-fashioned, out of date way, with guns and

barricades, while I want to be ugly in the modern way of high finance.

What is it we really want? Is it to kill the capitalists? No, but merely to take from them their power to exploit labor. And how do they get this power? By guns and barricades? They hold it that way, of course; but inside each modern country they have devised the new and infinitely more effective scheme of financial manipulation, the creation of imaginary money with which to buy everything in sight. And it is this weapon I want to turn against them. Why, for heaven's sake, do we want to have insurrections and riots, when by means of this modern Aladdin's magic we can walk peaceably into every factory and take charge? The capitalists have created the magic lamp for us—this wonderful new Federal Reserve System; all we have to do is to turn out the present board of bankers' bankers, and put in a new board of workers' bankers, and create a hundred billion dollars of new money, and pay for the industries, and there you are! Not a court in the land can stop us, and if any capitalist tries to, he is a revolutionist, and we have criminal syndicalism laws for him!

This is "inflation," we are told; and inflation raises the cost of goods, and so brings no benefit to the worker. Yes, Judd, but get the point clear—inflation is one thing if you use it to buy goods, and quite a different thing if you use it to buy factories. In buying goods, you buy on a rising market, but in buying factories you buy at a fixed price, and so it is the owners who suffer the loss. And that is the beauty of this scheme I am unfolding; these Wall Street gentry have "passed the buck" to us—and we pass it right back!

The Russian revolutionists made a grave mistake in their dealings with world capitalism; they were too honest. They repudiated the debts of the Tsar's government—declaring that the money had been spent to enslave the Russian workers, and they would never repay it. Therefore world capitalism went to war with Russia, and is still at war, and that error in tactics has cost the new government many times the debts of the old regime. But how much more clever were the capitalist governments of Italy and France! They also owed us money; but they were so polite—they are the politest people in the world! They owed it, of course, and they would pay, of course; never would they dream of failing to pay their debts; but just now they were very poor, and couldn't pay, and wouldn't we please lend them another hundred million or so? We loaned it—because if they go bankrupt they will also go Bolshevik, and that scares the gizzard out of our bankers. So these smooth capitalist nations have never paid us a dollar, but their credit is still good, and we never think of them as criminals and murderers—oh, nothing like that, it is all between gentlemen in Wall Street, and the worthless bonds have been worked off on the general public, and all is serene!

So, Judd, I say, let us be gentlemen, too, and pay! Pay any price the capitalists ask—anything to get them out of the fac-

tories, and get the workers in! It will mean that we support a horde of parasites for awhile; but we are doing that, anyhow, and can do it better then, because we shall double production. Young Johnny Coaloil will still be able to keep his yacht and his chorus girls on the Riviera, and Mrs. Silly Splash will continue to wear diamond-embroidered bathing suits at Palm Beach; but notice the difference, Judd—from now on they can buy nothing but goods with their money, they can no longer buy the means of production, and so they will not be able to increase their income!

On the contrary, we can proceed at once to cut it down, by means of an inheritance tax. We already have such a tax—the Coolidge crowd is trying to get rid of it at this moment, and likewise the publicity clause of the income tax, which exposes the big exploiters to uncomfortable daylight! But we can put it back, Judd; we can make the provisions that gifts in anticipation of death count as inheritance; we can register the owners of the bonds, and so wipe out that whole mass of privilege in a generation or two. I promised to show you how the useful workers of America can take possession of their industrial plant, and here is the way. Nothing prevents them but lack of knowledge; and that is why I am writing these letters!

LETTER XVI

MY DEAR JUDD:

We have been discussing the problem of how the workers are to get possession of the industrial machinery of the country. I have proposed to pay for it; but there are some who insist that the workers should seize the plant. It has been built by the workers, and taken from them by fraud; if we purchase it, we merely continue exploitation under another form; the government replaces the owners as task-master, and collects the profits and pays them to the owners in the form of dividends.

This statement sounds all right, but it overlooks the essential factor in our business situation—that "iron ring" I have been telling you about. At the present time not one per cent of our factories are run at full capacity all the year round; but when we get possession for the workers, we break the iron ring, and can run them all day and all night. We have five million unemployed—the average of good years and bad, you remember—five million men to go to work, to turn out more goods for themselves and for all. We cut out the wastes and reduplication; and according to the lowest estimate, we double our production of goods.

The plant we propose to buy is worth, roughly, one hundred billion dollars, and its annual product is twenty billions, possibly thirty; let us say twenty, to be safe. We pay for it with five per cent bonds, which means the former owners get five billions a year. If we double production, we have forty billions a year, which leaves thirty-five billions for us. In other words, Judd:

We can work half an hour a day for the owners, and four hours a day for ourselves, and be twice as rich as at present.

So you see why I am in favor of compensation! Not because I love the owners, but because, as a matter of cold cash, we shall do better that way. I will go so far as to argue that if we try to pay nothing, we shall really pay more. If we try to kick the bosses out, and seize the factories, and run them by workers' councils—obviously, that may mean civil war. The bosses have the factories, and they have machine-guns and airplanes and poison gas—a system for wiping out the lives of thousands of workers, if necessary. One of the embarrassments of physical force revolution is that it may fail, and the workers, instead of getting the factories, may get castor oil and Fascist clubs. There is a big group of our masters who think that is what the workers need, and would take delight in administering it.

I know some young revolutionists who are prepared to die for the proletariat, in a fine spirit of martyrdom. They are impatient of talk about money, but I beg them to pause and consider the balance sheet of Compensation versus Confiscation. Even though they succeed in their revolution, they surely cannot do it without industrial waste. They will have to stop the machines while they are fighting; they may shoot holes in the factories, and even burn some of them down. And just what will that cost? We are reckoning, you understand, on our possible double production—forty billions a year. The interest we pay the owners is five billions a year. So now:

If in the course of our revolution we destroy one-eighth of our industrial plant, it would have been cheaper to pay the owners for the whole thing.

Or, suppose we have the good luck to get by without much fighting—what then? Well, the present management, which knows the industry, and is keeping the plant going—this management is hired by the owners, and is loyal to the owners, and will have to be booted out the back door, which will certainly stop production, cripple it for months, perhaps years. But if our government comes to the owners in a business deal, and buys the plant, the management will stay on, as it did when we took over the railroads during the war. On that basis, we shall not lose an hour of the plant's time, nor will the workers lose an hour of their wages. And how does this figure up, in the balance sheet of Compensation versus Confiscation? Listen:

If our industrial plant is idle for six weeks, we have lost what would have paid the owners for a year.

And again, an obvious consequence:

Every day over six weeks that the plant is idle, the workers are paying from their own pockets!

Our young revolutionists are going by the Russian model, and that is natural, because many of them come from there. But

Russia had a small industrial plant, and we have a great one, enormously complicated. Moreover, Russia had no middle class, while we have a powerful one, ready to turn out at a moment's notice and use machine guns and poison gas in the interest of property rights. The workers' revolution succeeded in Russia, because the country was broken by war; but to bring us to a similar state of disorganization would take decades of suffering and waste—I venture the guess that it would be twenty times cheaper to buy the capitalists out, than to bring America to the point where a physical force revolution could prevail.

And yet, having said all that, fairness compels me to admit another side. I have been setting forth the ideal procedure; but this is not an ideal world, and many times we have to take what we can get, instead of what we want. Having told you my hopes, I will now tell you my fears.

The masses of our country are ignorant and unorganized. More than half of them do not vote at all; a large percentage value their votes at two dollars each, and the rest take their party as they take their God—from their grandfathers. They are interested in baseball and prize fighting, and jazz, and the doings of the "smart set"; they do not know how to think, and they never read anything but the "kept" newspapers and magazines, which tell them they are the greatest people in the world. Never in history has there been so elaborate a system for the hoodwinking of a hundred million people; and they lap up the propaganda, and go to the polls and vote their government into a branch-office of J. P. Morgan and Company.

But all this does not stop the process of industrial evolution; rather it speeds it up—giving the rich more money to produce more goods, and causing the poor to have less money to buy the goods. So the crisis comes on like a cyclone; and we shall find ourselves with our factories idle and millions of people starving, and no idea of the next step to take. There will be no time to teach the masses, no machinery for reaching them; but the desperate workers in our cities will hear the voice of the Communist soap-boxer, saying, "Take the factories, and produce goods for yourselves and your fellows." The soap-boxer will ask: "Do you have to starve, because the majority has not voted you food?" He will ask: "Does a man have to remain a slave because the majority has not voted him free?" So it may happen that the hungry workers seize the factories and attempt to run them; and we shall have to make the best of it and help them to success.

In such an emergency, the social changes will be sudden and drastic; and that is the reason why I do not attempt to foretell what the new industrial forms will be. Just how the business will be managed depends in great part upon those who now have the power in their hands; they may choose either to be stubborn and brutal, or to display vision and a sense of justice, not to say of common prudence. You can see the difference this makes if you compare the great French revolution of a century and a half

ago with the series of changes that have taken place in England during the same period. England has become a partly democratic country in fact, while remaining a monarchy in form; the reason being that the governing classes never pushed the people to the last extreme, but made concessions, just enough to keep themselves in power.

There is room for a variety of compromises between the workers and the capitalists, and also between the workers and the state. The capitalists may permit the setting up of shop committees, with the right of control over working conditions; they may consent to representation of the workers in boards which oversee each industry, with power to make adjustments and enforce decrees. Or both sides may prefer to call upon the government to do the adjusting. Or again, the workers may get control of the government, and laws may be passed providing for the taking over of control by the trade unions. A practical program has been worked out by the railway brotherhoods, the Plumb plan; providing for the purchase of the roads by the government, and their operation by a board representing the government, the brotherhoods, and the bondholders until the latter have been paid off. The day may come when the money-masters of this country will wish they had had the statesmanship to put that plan into operation while there was time.

I have argued here for government ownership of industry; but you must understand—that is not the same thing as operation of industry by politicians. The people who understand an industry are those who work in it; and the way to combine democracy with efficiency is to make each industry a self-governing unit, and confine the part of government to supervision, and the regulation of prices. Let us have an industrial constitution and an industrial parliament, and let every man become a citizen of industry, with a voice in the control, and equal rights with all other citizens. That is the goal we work towards, and it is a strictly American goal, in line with American traditions. The practical steps are, first, to organize the workers in each industry, and make them class conscious, awake to their own interests; and second, to use the power of the state to open the books of each industry and expose the profits, cutting down the share which goes to the idle owners, and increasing the share which goes to the useful workers.

LETTER XVII

My dear Judd:

The social revolution has already happened over one-sixth of the earth's surface, and 140,000,000 people are now living in a working class world. Whatever may be our point of view, we cannot afford to misunderstand what has happened in Russia, for capitalism has made the world one, and our efforts to shut ourselves up in our own country are bound to fail.

The Russian revolution came as the result of a breakdown in

the midst of war. The great empire was rotten with graft, and after three years of fighting, had got to a state where it could no longer keep its railways going, or feed the people in its cities. With starvation actually upon them, the soldiers, sailors and workers formed unions, and in October, 1917, they overthrew the government of the Tsar, and formed a new government—and gave world capitalism the most painful shock of its career.

There have been slave revolts all through history, but always blind and futile, put down with hideous slaughter. But here in the Russian revolution appeared a new thing; the control was seized by a group of men who had been trained in Western ideas, and had a theory of revolutions, and of working-class mastery of society. These men knew what they wanted, and they tried their plan, and it worked—at least to the extent that they are still in power, in spite of two years of war waged upon them by the whole capitalist world, and six more years of financial blockade, plus the greatest campaign of falsehood in all history.

Who were these men? They call themselves Marxians, and apply the adjective "scientific" to themselves, because they think they have studied the capitalist system—the laws of its growth and decay, the forces which are destined to overthrow it, and the kind of society these new forces will establish. History, says Marx, is a series of class struggles, and the end is the victory of the working class, and the beginning of a society in which there are no classes, for the reason that nobody lives by exploiting anybody else. "Workers of all countries, unite," runs the slogan. "You have nothing to lose but your chains; you have a world to gain."

The Marxian theory is, in brief, that the development of large-scale capitalism brings the workers into factories, where they toil for the benefit of absentee owners whom they never see; it subjects them to low wages, long hours and uncertainty of employment, and forces them to organize and fight for better conditions. In this fight they develop "class consciousness," and in the end they are forced by capitalist breakdown to revolt, and take possession of the factories, and run them for the benefit of the workers and not of the masters.

They had a chance to try it in Russia, and they did so; the question of what they have accomplished is the most fiercely debated of all questions today. To help us get it straight, understand first, that they had to do what they did. In other countries —America, England, France, Germany, Austria—the middle class took charge of the revolutions; but in Russia there was practically no middle class, it was the workers or chaos. And second, they took over a busted machine, a country in collapse after three years of modern war, the most destructive of all things known this side of hell. And third, they had to face years of invasion from Europe, America and Japan, fighting on 26 fronts at once; and at the same time civil war, and a blockade, and financial boycott, and world propaganda, besides two successive years of famine, some-

thing which comes every so often in Russia—caused by drought, and not by revolutions.

In spite of all this, Soviet Russia confronts its world of enemies, eight years young, and proud and confident. It has restored its agriculture to the pre-war standard, and its industry to nearly 80 per cent of this standard, with the certainty of passing it in 1926 or 1927 if peace is maintained. It has turned one-sixth of the earth's surface from a militarist empire into a federated group of commonwealths, governed under a new system, in which the voters are classified according to their occupations. It has trained a new generation of young workers, and taken some five hundred thousand of them into its governing party. It has taught millions of men and women to read and write, including everybody in its army, and nearly everybody in its industries. It would seem that all this entitles the new system to study, and to fair play in the field of thought.

But Russia is not democratic; so they tell you, Judd—and you are strong for democracy. Well, I also share that faith; but if, as time goes on, the workers of the world discover that democracy means inequality such as we have here in America, while the "dictatorship of the proletariat" means cultural freedom for the workers and a swiftly spreading plenty for all—well, Judd, we advocates of democracy will have a hard time in debates! But the truth is that we have in America political democracy alongside industrial autocracy; and these two are making a war upon each other, and we shall have to choose whether our country is to become a capitalist empire or an industrial republic.

Russia has never had democracy, nor even the ideal of it, except among a few dreamers. Less than seventy-five years ago its farm population were all serfs, bound to the soil. Many of its outlying peoples are semi-barbarous tribes. Its factories are few and at the time of the world war they were financed by foreign capital, and run by foreigners. There came this devastating war, and then a breakdown; and to expect those who took control to set up at once such a democratic system as we know in America, is to be absurd. Many who talk about it are dishonest, for they know that if their own parties get control, they will hold it by exactly the same means as the Bolsheviks—that is, by force.

What the Bolsheviks are doing is to educate the workers and peasants, and then take them into the governing party. The purpose of that party is to hold power until all the workers have come into it, and the "Union of Socialist Soviet Republics" includes the whole population of the former empire of the Tsar. In fact, they expect to include a lot more, because they think the workers of some other countries are going to join them; and the rulers and capitalists of those countries fear the same thing—which is the reason they hate the Bolsheviks, and carry on such deadly lying about them.

The British Tories, backed by American bankers, are now conducting a world-wide intrigue against Russia; and soon they may

be calling the American people to join in a new war "to make the world safe for democracy." And what then? The chances are that the American people will join in, for they dearly love everything that is upper-class British, and enjoy nothing so much as crushing labor anywhere in the world. They elected Coolidge in a fervor of patriotism because they thought—mistakenly—that he had had something to do with smashing the Boston police strike. As I write, our government is donating a billion dollars—in the form of a pretended "debt settlement"—to the Italian government, because Judge Gary and our other masters so love these black-shirt Fascisti, and look forward to the time when they can administer the castor-oil treatment to American labor.

Yes, Judd; and we simply ladled out our money to the Tsarist adventurers, to every nation and tribe of reactionary that was fighting Soviet Russia on twenty-six fronts; we dressed up Polish troops in American uniforms to make war on Russia, and even burned American Red Cross supplies to keep them from being captured and used for the sick and starving people of the Soviet republic. We allowed Woodrow Wilson to send our boys to their death in his private war on a friendly people—under the command of British officers in Archangel, and helping the Japanese to take Siberia. 30539

All that was done, Judd, and done with your money, and under the flag of your country; and it will be done again when the British Tories are ready—for the bull-dog never sleeps, and he never lets go his hold. He has set out to strangle the Soviets, as once he strangled Napoleon—and for the same reason, to keep his grip on the 300,000,000 serfs of India. If, when the next attack begins, America does not hasten to pour out its blood and treasure, it will be for one reason and one only; because in the meantime it has been possible to reach the plain people like yourself, and make them understand, and hold back the world bankers from their next World Crime.

LETTER XVIII

My dear Judd:

Our country today is traveling headlong the road which has led every great empire in history to its doom. And this is no piece of rhetoric, but a summary of statistics to be found in our census reports. What ruined Rome was the spread of capitalist imperialism with its consequences—the undermining of the independent farmers, the growth of tenantry and absentee landlordism, and the turning of the country population into city slum-dwellers, uncertain of their employment and dependent upon public doles.

And every one of these things is happening right before our eyes. The price of farm-land is going up, steadily and inexorably; the profits of agriculture are going to middlemen, speculators, and moneylenders. Farm mortgages are increasing, farm tenantry is

increasing, decade after decade, with the certainty of a doom. The young men are leaving the farms and going to the city, to increase unemployment and bring down wages. The man who wants a city home pays a constantly increasing tribute to land speculators; while in the business districts land values double or treble in a decade, and no work can go on until the landlord's greed has been appeased.

Millions of little fellows like yourself, Judd, support that system, because you own a lot or two, and are making a little profit; just as millions support the big trusts, because they own a share or two of stock. They do not see that under a just system they, as producers, would get many times what they get as petty speculators. Our first task is to show them, and bring them to our side. We wish to take the government out of the hands of the capitalist and landlord class; and then to apply the remedy for land speculation, a tax on land values, falling heavily on rented land, and still more heavily on land not used at all. This will set free the soil, and wipe out the gamblers; there will be plenty of farm-land open for use, and lots near the cities will be cheap. At the same time both cities and states will have money for public improvements, bringing high wages, and benefit to all. The farmer will have abundant markets, because the city population will no longer be on half rations. The land values tax is the only just one, because it taxes the wealth created by nature, and not by human labor; also, it is the only tax which can be fully collected —all others are taxes on honesty, and we need that commodity badly, and should not tax it out of existence.

There is a form of conflict between farmers and organized workers, because the farmer has to hire labor, and wants it cheap. This conflict is carefully made use of by the old party politicians, who wish to plunder the two groups separately. I point out to both farmer and workingman that their deeper interests are identical; they are the producers, and supplement each other. The farmers grow food for the city workers, while the city workers make building materials and machinery, clothing, newspapers—everything the farmers need. These two groups form the basis of the new society, and in their political union lies our hope for the future.

When I say "workers," understand that I mean workers of both hand and brain: housewives and teachers, clerks and stenographers, architects, chemists and doctors, foremen, superintendents and executives—all who are actually necessary to the efficient production of wealth. The only ones not necessary are the owners, in their capacity as exploiters and parasites.

I know that many owners also work as managers, and if they are competent, I respect them, and invite their aid. I should be glad to see young Rockefeller managing our national oil trust—provided only that somebody would convert him to the ideal of public service. When the real crisis comes, some employers will realize that the making of industrial democracy is a task worthy

of all the energy they are now putting into making millions of dollars—to be used later on in wrecking the lives of their descendants.

The useful workers of industry, and those on the land, must get together. They must have a political party of producers—the plan has been fully worked out in Minnesota, and the other states have only to follow. Also we must build up and strengthen the trade unions of both workers and farmers; for it is not at all certain that the masters of money will surrender to white paper ballots in whatever number; they must know that these ballots are backed by nationwide organizations, capable, determined, and wielding the threat of the mass-strike.

As part of the process of organizing and drawing together farmers and workers, we must encourage business co-operation between these groups. The farmers can feed the workers, and the workers can set up co-operative factories for their farmer customers. The railway brotherhoods have made a beginning at this, and so have the clothing workers. Equally important is labor-banking, to finance such undertakings. At present a great deal of labor-banking turns out to be shadow—there is no real control by labor, and all that happens is, some former labor officials become successful bankers. But that also will be remedied—the unions will have banks which they actually control, and whose funds they use for their own enterprises. What could be more pitiful than the present situation—the workers putting their billions of savings into capitalist banks, to be shipped on to Wall Street and there used for robbing labor, and financing anti-labor newspapers—and even breaking labor strikes!

At the present time the policies of American labor both political and industrial, are a generation out of date; our workingmen are like the Moros in the Philippines, fighting machine-guns with bows and arrows. The unions are still organized according to crafts; and they face gigantic combinations of capital, which have merged a hundred different crafts into one. So of course the unions are beaten or outwitted at every turn; and membership falls off, and the old officials whistle to keep their courage up.

I remember, Judd, that in some of our arguing you asserted that many labor leaders are corrupt; that is one reason why you are not a union man. But go and investigate trade union corruption, and you find just what we found about political corruption. Who puts up the money to buy labor leaders? The employers, and the employers' associations! Wherever you touch this evil in our society, it is one and the same thing—private wealth seeking to increase itself at the expense of the poor and weak. In Chicago I once investigated a strike of teamsters, which had kept the city in an uproar for weeks, and cost several lives—to say nothing of discrediting the workers. And what was behind it? A great mail-order house trying to put another mail-order house out of business, hiring a strike and gangs of sluggers!

The remedy for that is not to desert the unions, but to put new blood into them, a new policy and a new ideal. The task of labor is no longer to get five cents more per hour for its members, or an extra hour off on Saturdays; it is to reconstruct society, and make a world of producers, managed by producers, for the benefit of producers. And for that every worker is needed, and the place where he is needed is in the union with his fellows. If there are officials without vision, go in and teach them; point out how the employers have formed trusts, and how the workers must match them with great industrial unions. If labor officials are dishonest and betrayers of their cause, kick them out, and find others who are class conscious and loyal. I know that is easy to say and hard to do; yet surely, Judd, labor cannot lie down and give up! Get it straight—this is a changing world, and you can't stay as you are; there are forces at work that will beat the workers back into their age-old status of serfs, unless they have the courage and brain power to master these forces, and lift themselves to the new status of citizens of industry. Join, and do your part; and some day the law will provide that every man who works at a trade becomes automatically a member of his union, an equal citizen of the industry, with no power to exploit others, nor fear of being exploited by others.

LETTER XIX

MY DEAR JUDD:

We have come to the end of our task. I have tried to show you what is going on in our country, and the job you have to do.

We are moving towards a new American revolution. That does not mean riot and tumult, as our enemies try to represent; but neither does it mean slavish submission to every repression of government. There is the best American precedent for resistance to tyranny, and those good ladies who call themselves "Daughters of the American Revolution" would be shocked speechless if I were to quote to them the authentic words of Sam Adams and Patrick Henry and George Washington and Thomas Jefferson on the right of the people to overthrow unjust governments. Said Abraham Lincoln, in his first inaugural address: "This country, with its institutions, belongs to the people who inhabit it. Whenever they shall grow weary of the existing government, they can exercise their constitutional right of amending it, or their revolutionary right to dismember or overthrow it." There can be no question that those words come precisely under the specifications of the California "criminal syndicalism" law, and a man who said them today would be sent up for fourteen years, to cough out his lungs in the jute-mill of San Quentin prison.

We have to get rid of the capitalist system. It is close to breaking down, and will soon be unable to run the factories it has built, or to bring food to the people in its giant cities. We have got to stop producing goods for profit, and learn to produce them

for the use of those who work. I have pointed out the way to make that change under our Constitution. I say: if there is violence, let the capitalists start it—and then you, Judd, and the rest of the workers, can finish it!

Abraham Lincoln hated the slave power, just as I hate the capitalist power; but he moved carefully, keeping the mass of the people with him, and pushed the slave power against the wall, until presently it revolted and began the fighting; then Lincoln called for seventy thousand men to put down the rebellion, and presently he called for a million, and before he got through he had freed the slaves, and put an end to that evil forever. And maybe that is going to happen again; maybe when we get seriously to work, the capitalists are going to organize their armed bands of rowdies, as they did in Italy, and as they are now doing in France and Germany and England, and set out to thwart the people's will as expressed at the polls. If that happens, Judd, let us have the traditions of America, and the moral forces of America, on our side.

I am one who believes in those traditions; coming, as I do, of a line of naval ancestors. My great-grandfather once commanded the frigate "Constitution," and I am standing by the old ship—while our money-masters and their hired political servants are trying to torpedo it. When I try to read the Constitution of my country in a public place, and a drunken chief of police throws me into jail, and drunken newspaper publishers shout with approval—well, Judd, I bide my time. I once spent two years reading the history of the period prior to the Civil War, and I know what the moral forces of America are. I know how long they wait, and how slow they seem to be in getting into motion; nevertheless, they are there, and I make my appeal to them, and I expect to hear it answered. I am taking care of my health, with the idea of living to sing once more the Battle Hymn of the Republic: "Mine eyes have seen the glory of the coming of the Lord!"

I have written these letters as an act of service to my country. I personally am not suffering, as you know; I have won my fight, to the extent that I am an independent man, and no one can muzzle me. But how can I be happy in this so-called civilization, where I see on every hand about me war and the preparation for war, poverty and the despair which poverty brings, crime and prostitution, suicide and insanity—such a mass of misery that I cannot face the thought of it, and all those beauties of nature and art which in my youth set me a-thrill from top to toe, now mean hardly anything to me, because of the wrongs I see about me—and all so needless, Judd, so utterly, utterly needless!

And something just as bad as the misery of the poor, the decay in the souls of the rich! To see a whole society chasing false ideals, vanity and luxury and waste; admiring and imitating wretched parasites, who have millions of dollars and not one useful thing to do! I know a few of these people, Judd, their lives

touch mine here and there, and the truth is they are just as unhappy as the poor, and just as much to be wept over, with their jazz and their bootleggers and their petting parties and their pitiful empty heads. A brief little hour of excitement and display—and then so much suffering, and bewilderment, despair about life, and cynicism about everything sound and true. I think of the millionaire youth I know, drinking himself to death; and the gay young society matron with a venereal disease in her blood and terror in her heart—I feel like calling upon the useful workers of America to organize and save the rich from the misery of being out of work!

What we want, Judd, is a world with neither rich nor poor, but with people who live by producing, and not by taking what others have produced. We want to make that sort of world, and we call to our aid all men and women who are willing to work for it. We want to study this problem, and fill our minds with real information, and stop reading the poison press of our enemies. Indeed, Judd, it is not too much to say that we want to make over our moral and mental life, so that we cease to admire the ideals of our exploiters—waste and the display of waste, plundering and the power to plunder. We want to teach ourselves and our children to admire useful labor, and social vision, and loyalty to the cause of those who produce. We who serve that cause call one another "comrade," or "brother," or "fellow-worker"; and we invite you to join our ranks.

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